KEY FORCES DETERMINING THE ICT POLICY DEVELOPMENT DURING RESTRUCTURINGS OF THE TELECOMMUNICATIONS INDUSTRY (1990-2001)

BY

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ABSTRACT

The effects of economic and political transition dominated Thailand's economy since the 1990s; with the great change from economic and trade victory to widespread financial slump, the political crossroads in 1992 and the reform of political democracy, Thailand drew up a preliminary version of a new constitution and pledged significant political and economic improvement. In the context of the reconstitution of the Thai telecommunications policy from the beginning of 1990 to the end of 2001, this study presents the progress of restructuring Thai telecommunications industry and examines key forces determining the policy-making process of its Information and Communication Technologies (ICT). In order to investigate the role of manifold policy factors and the role of the Thai State in ICT policy formulation, the study applies political model of policy process and is based on the conceptual framework of J. P. Singh (1999)'s factors in determining the nature of the telecommunications restructuring in developing country and the State's role in the decision-making process. While the primary impelling force for restructuring was Thailand's ambition to become the economic centre of Southeast Asia, a vast number of secondary forces are discovered to have been involved in the restructuring of telecommunications industry and evolution of Information and Communication Technologies (ICT) policy. Economic cooperation and a global liberalisation programme enforced by the WTO and the IMF have had an explicit effect on Thailand's policymaking. Internally, in the collocation of the advanced development of parliamentary democracy and intensifying money politics, business interests became steadily stronger in ICT policy-making through the more direct political manipulation of the situation to gain some advantage at the top levels. There was also a growing impact from public interest groups

and the Senate. The diversity of interests in the policy process limited the power of the State to direct policy decisions. In a system in which policy-making was plagued by political infighting among groups seeking to control the social system and the activities from which they derived private benefit, the policy-making function of the State was seriously impaired and the progress of Thai telecommunications reform and its ICT policy underwent a major crisis in consequence.

The thesis seeks to answer: how the ICTs policymaking developed during the telecommunications industry reform, and the interplays among the policy forces; and what role the State played in the policy-making process. It argues that the Thai State's weakness to create a regulatory regime to implement the ICTs policy of telecommunication liberalisation represents essentially a problem of institutional change. The thesis demonstrates that the State role in policymaking was phenomenon, and even facilitated particular group's interest and idea, and that it was ill-suited implementation for society at large.

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ABBREVIATIONS

AFTA	ASEAN Free Trade Agreements
AIN	Asian Internet Network
AIS	Advanced Information Services
AIT	Asian Institute of Technology
APEC	Asia-Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
ATM	Asynchronous Transfer Mode
BBS	Bulletin Board System
BOT	Bank of Thailand
BTO	Build-Transfer-Operate
BTA	Basic Trade Agreements
CAT	Communications Authority of Thailand
CDMA	Code Division Multiplex Access
DPC	Digital Phone Company
EGAT	Electricity Generating Authority of Thailand
EU	European Union
GATS	General Agreements in Trade and Services
GINet	Government Information Network
ICT	Information and Communications Technology
IIG	International Internet Gateway
IIRC	Internet Information Research Centre
IMF	International Monetary Fund
IP	Internet Protocol

ISPs	Internet Service Providers
IT	Information Technology
ITU	International Telecommunication Union
JTM	Jabatan Telekom Malaysia
MCOT	Mass Communication Organisation of Thailand
MITI	Ministry of Internal Trade and Industry
MOAC	Ministry of Agriculture and Cooperatives
MOE	Ministry of Education
MOF	Ministry of Finance
MOSTE	Ministry of Science, Technology and Environment
MOTC	Ministry of Transport and Communications
NAFTA	North American Free Trade Agreements
NBC	National Broadcasting Commission
NECTEC	National Electronics and Computer Technology Centre
NESDB	National Economic and Social Development Board
NII	National Information Infrastructure
NITC	National Information Technology Committee
NIX	National Internet Exchange
NSTDA	National Science and Technology Development Agency
NTC	National Telecommunications Commission
NTL	National Technology Laboratory
NWG	Network Working Group
ONPEC	Office of National Primary Education Committee
PCN	Personal Communication Network

PCT	Personal Communication Telephone
PIE	Public Internet Exchange
POP	Point of Presence
PRD	Public Relations Department
PSTNs	Public Switching Telephone Networks
PTD	Post and Telegraph Department
RBOCs	Regional Bell Operating Companies
SDH	Synchronous Digital Hierarchy
SOE(s)	State-Owned Enterprise(s)
STM	Syarikat Telekom Malaysia
TA	TelecomAsia
TAC	Total Access Communication
TCP/IP	Transmission Control Protocol/Internet Protocol
TDRI	Thailand Development Research Institute
ThaiSarn	Thai Social/Scientific Academic and Research Network
TOT	Telephone Organisation of Thailand
TT& T	Thai Telephone and Telecommunications
UUCP	Unix-to-Unix-CoPy
VoIP	Voice over Internet Protocol
VSAT	Very Small Aperture Satellite
WAP	Wireless Application Protocol
WTO	World Trade Organisation

CHAPTER I

INTRODUCTION

This is a study of the key forces – both *exogenous* and *endogenous* – that have an effect upon the evolution of policy-making processes within the context of telecommunications restructuring in Thailand during the research period for this study (1990-2001). This research applies three theories of *pluralism, class power,* and *institutionalism* in the political model of Kingdon's (1995) and Singh's (1999) conceptual frameworks.

The thesis addresses three core ideas. The first relates to Thailand's Information and Communication Technology (ICT) policy-making, as well as its nature, scope, and extent in regard to what took place in Thailand during sector transformation. Reform of Thai telecommunications dates back to the early 1990s, but was then driven by the military government and limited in scope and extent. Today, the country is still on the verge of a telecommunications liberalisation.

Secondly, although the liberalisation of the telecommunications industry is a major priority of governments the industry still maintains rent-seeking [1] coalitions of politicians and

[1] Most studies of rent-seeking focus on efforts to capture special monopoly privileges, such as government regulation of free enterprise competition. Other rent-seeking is associated with efforts to cause a redistribution of wealth by, for example, shifting the government tax burden or government spending allocation (http://en.wikipedia.org/wiki/Rent_seeking).

business entrepreneurs (elites in a position to enact policies) that gain or protect selective entitlements within the system. Both the novel nature of the issues at stake and the changing functions and responsibilities of the actors involved in telecommunications have had the potential to profoundly redefine the policy environment.

Thirdly, the relationship between Thailand and the world policy-making system reveals the impact of the emerging global telecommunications regime and its associated liberalisation programme designed to significantly transform Thailand's telecommunications sector. It comes as a relative surprise that the World Trade Organisation (WTO) commitments and International Monetary Fund (IMF) agreements have only had a limited effect on the market structure and regulatory environment. This study argues that Thailand has compromised in adapting a uniform package in order to liberalise its telecommunication markets, by developing and maintaining an idiosyncratic approach to transforming the industry and policy-making processes.

This thesis will demonstrate that the ICT's policy-making is pluralistic, and that the success of policy formulation rests on State manoeuvrability and responsibility (Singh, 1999), through ideas (Kingdon, 1995) that develop in the policy process, through grassroots groups whose ideas may influence public officials, through mobilizations within the government, and through powerful interest groups or government bureaus.

This inclusive and historical perspective steers the analysis toward the developments that appear in the early stages of the policy-making process, showing how ideas and activities in

the process influence one another or even cross over to other streams, having a more gradual influence.

1.1 Research Background and Motivation

In the past decade, most countries have had to face the wave of telecommunications liberalisation that has moved quickly across the world. National telecommunication systems, regardless of regional, socio-economic, and political dissimilarities, have experienced profound structural and institutional changes (Cho, 1998: 1). On the surface, Thailand is no exception to the worldwide transformation of the telecommunications industry. This phenomenal change has been accompanied by a number of remarkable structural reforms that share the characteristics of the market-oriented transformation carried out worldwide.

The telecommunications sector is of greater concern now than ever. It is undeniable that we are presently at the heart of a telecommunications upheaval, which is manifested by a rise of new technologies and swift progress. The rapid sequence of transformations in the telecommunications sector takes place in a world that depends on electronic communications and worldwide connectivity. The exertion of technological force has become progressively more complex. Technologists, State-owned enterprises, governments, scholars, researchers, and policy-makers must think carefully about these

effects and transitions.

The Internet has advanced traditional telephony through its integration with certain computing technologies. Recent advances in information and communication technology impinge comprehensively on the objectives and strategies of government policy and the way in which governments and policy-makers initiate telecommunications policies. For example, governments and policy-makers have been expected to promote freer and more democratic group participation in society (Secretariat of the Cabinet, 2008). Increased prosperity is also expected with improved telecommunications capabilities. New technology allows governments, as it does individuals, more choices. It also enhances the growth of the economy and the development of society (Secretariat of the Cabinet, 2008).

Nevertheless, policy change regarding telecommunications has had varying levels of success in both developed and developing countries. While the overall rate of telephone line penetration has globally risen, there are wide disparities on international, regional, and intra-national bases[2]. In itself, this is not too surprising. Policies could potentially produce similar results in countries with radically different social, economic, and political environments.

[2] In 2003, main line penetration rates reached 3.1% in Africa and 13.64% in Asia (respective compound annual growth rate of 5.9% and 12.6% between 1998 and 2003). Disparities between urban and rural development have also increased.

The U.S. GII-Driven

After the introduction of the 'National Information Infrastructure (NII): Agenda for Action' by the United States in 1993 and the former U.S. Vice President Al Gore's elucidation of the Global Information Infrastructure (GII), several countries started to develop along similar lines as the U.S. Southeast Asia, Malaysia, and Singapore were already further advanced than other countries in their region, each with accredited national plans. Malaysia introduced 'Vision 2020' in February of 1991 and Singapore launched 'IT-2000 - A Vision of an Intelligent Island' in March of 1992. Expecting to see the universal diffusion of ICT and information infrastructures, Malaysia unfolded an expansive national project, the Multimedia Super Corridor (MSC), in August of 1995 (Saga, 1999: 341).

Thailand officially inaugurated its national ICT plan in 1995, called 'IT 2000, Social Equity and Prosperity: Thailand's IT Policy into the 21st Century.' The white paper policy objectives offered three prospects: (a) better telecommunications infrastructure, (b) human resources development, and (c) good governance. The 'IT 2000' plan embodied the great ambition to exercise full control of new information technologies and envisioned a neutral, equitable, and co-operative 'Information Society' (NITC, 1995a).

Cutting edge technologies are typically complex and telecommunications is a clear example of this. Most governments fail to notice telecommunications and network technology, as a rule and governments have easily been dazzled by its distinct scientific, economic and political effects. The general public, for its part, doubts the importance of

telecommunications policies and considers them too complex (NESDB, 2010). Because people are confused by the policies, they tend to ignore them. Government bureaucrats generally endorse the view that if investment is made in the right technologies, they can keep a nation in the lead of its region. They believe that if they foster a technology, other rudiments of telecommunications, such as product development, jobs, skills, and growth that make up economic leadership, will follow (Olufs, 1999).

At present, the accessibility of technology allows everyone to be a creator and distributor simply through access to a computer workstation, Internet connectivity, and a few World Wide Web skills. Considering the amount of access the earlier mass consumers had to inventions and shared contents[3], the ownership and control of a monopoly or oligopoly has become more complicated over time.

Technology has great possibilities for social enhancement. Nonetheless, its versatility breeds concern for many military governments and State enterprises because they have historically controlled societies within specified boundaries. Improved technology has forced the extensive reconsideration of and amendment to active telecommunication policy configurations. Governments have been compelled to find appropriate solutions to new technological complexities and recent results make it necessary to appraise how they can augment social and economic benefits. Moreover, policy-making methods should be newly formulated if they are to bring about the most effective and efficient results for society as a whole.

[3] Technological innovation has brought products and easily shared information to wider groups in society.

Furthermore, in Thailand the introduction of a neo-liberal economy has impacted Thai society in terms of decision-making for formulating and implementing national policy (Virawan, 1992). The liberalisation ideal is a State full of paradox and ambiguity that will strike a balance between a political economy and the basic military regime that has dominated the country over the past century. Since the first civilian government was formed in late 1980s, the Thai people had to choose between pro-State and anti-State policies (Thongying, 1995). The pro-State policies inclined to the monopolistic right, whereas a group arguing for free markets wanted to deregulate the telecommunications market and follow a regime of privatisation, as Thatcher and Reagan proposed. Success seems to have gone to the free market advocates (Boramanan, 2000).

In the mid-1990s, Thailand's basic telephone services for most citizens were deficient. Technological advances and privatisation inserted a complex element into the already difficult situation of policies that were becoming more streamlined. Innovations and industrial liberalisation raised the complicated question of how to promise universal service in an environment in which the State was expected to postpone private competition, for it did not intend to privatise State Owned Enterprises (SOEs) and tried to defer plans to privatise. Thai telecommunications enterprises were considered to be a major source of funds for investments in other projects, as well as income for certain groups such as bureaucrats and military officials[4].

[4] Interview (TOT-001), conducted in Bangkok in February of 2006.

However, Thailand began to reconsider liberalising the telecommunications industry after attempting to comply with the conditions of the International Monetary Fund (IMF). During Prime Minister Thaksin's government, liberalisation vigorously advanced. Critics felt that the purpose behind this project was to promote the growth of Thaksin's mobile phone company, Advanced Info System (AIS), by ending its concession contract with the designated State operator, the Telephone Organisation of Thailand (TOT).

The 1990s were a time of radical political and economic transformation for Thailand. The country entered the decade on an economic upsurge - its growth rates from 1985-1995 were the highest in the world (Bello, Cunningham, et al., 1998) and it was still at the height of its reputation as a 'model' for developing economies promoted by the World Bank and the IMF. In 1997, the country's economy suddenly declined following the collapse of its financial market and the abrupt depreciation of the Thai baht - a crisis that brought the entire region to close to a recession.

Within the same decade, Thailand grew from a semi-democratic polity to a more open democratic system with more contestants in the political process amidst occasional political turmoil, constitutional activism, and a developing civil society. With an economic boom and bust immediately before the year 2001, Thailand survived a military coup[5] and wide-ranging pro-democracy protests against the military, as well as subsequent violent crackdowns. Its constitutionalism was greatly strengthened during this period of time. The far-reaching

[5] Between 1991 and 2001 Thailand had nine different governments. Changes of government often meant the wholesale sacking of the Boards of TOT and CAT, as well as a change of Ministers and some top officials.

constitutional amendment process was mostly encouraged by political revitalisation, which, because of widespread dissatisfaction with the military regime and the army seized control of the government in the 1992 election. Constitutional amendments, which demanded widespread public assessment, resulted in the 1997 Constitution, one of the best designs in Thailand's history, maintaining that everyone is equal and should have the same rights and opportunities.

Within this context of global connectivity and local politically and economically drive transformations and restructuring, the landscape of Thai telecommunications began to take on a new shape.

Since the early 1990s, the Thai telecommunications industry has been challenged by greater policy liberalisation and the privatisation of many services. After the victory of the Thai public in 1992, the role of the military became less significant. The protest against military power was triggered when General Suchinda Kraprayoon, one of the coup leaders, was appointed the country's prime minister after the army seized control of the first civilian government in 1992. But when people lost faith in military promises, democracy had room to grow. Private Thai telecommunications firms were progressively allowed in an effort to preclude the government from taking absolute control of the sector via public enterprises. Thai people doubted about the State's aim for better transparency in many national projects, particularly the telecommunications industry, which is controlled by the State. In order to increase public credibility and reduce hostility at the prospect of absolute control by the government, the sector was publicly opened in terms of concession to private firms.

The chronology of the liberalisation process of Thai telecommunications can be traced via the clashes between various rivals, including the military, State officials, politicians, and capitalist groups (Niyomsilpa, 2000). As a liberalisation regime new to self-government, Thailand has not yet reached the stage at which interest groups compete according to well-developed democratic rules.

At the end of the twentieth century, politics in Thailand was still lingering in the phase at which political alliances are more involved with material interests than ideology. Policy-making in Thailand has been beset by money politics, with politicians receiving campaign contributions and other payoffs from powerful corporations or individuals in return for making policies that serve the interests of these parties. However, such relationships do not legally qualify as bribery unless there is evidence of a quid pro quo. Corruption is not uncommon, in particular that involving major infrastructure projects with large amounts of capital and, hence, economic rents[6] (Niyomsilpa, 2000).

Since 1990, the Thai government has introduced a sequence of regulatory restructurings through privatisation and liberalisation, which have continued intermittently to transform the State telephone organisations - the Telephone Organisation of Thailand (TOT) and Communication Authority of Thailand (CAT) - into a private company. The telecommunications market remains concentrated and grows primarily through the economic output of the partial competition between private concessionaires and the designated State telephone organisations.

[6] Economic rent is defined herein as excessive distribution to any factor in a production process above that is required.

Concessions policy has achieved the objectives of reducing State investments and increasing competition levels, meeting developments in infrastructure, the deployment of technology, customer demand in telephone services, and lowering prices. Nevertheless, governmental policies on the SOE's role and concessionaires' level of competition have been unclear and ambiguous. The telecommunications industry has grown, but without any of the expected redistributive effects of transformation that should have favoured national development and future competitiveness[7].

Telecommunications, then, was previously dominated by SOEs. The industry's development took no account of market competition. Given the importance of the 1990s for the reform of the Thai telecommunications industry and State-owned operators, political studies of this period have been variously based on the convergence of interests of technologically aware scholars, economists, political scientists, sociologists, and so forth.

The concerns regarding policy in the telecommunications industry have been multifaceted, leading scholars in this field to often overlook the importance of policy development over time. The process becomes even more difficult to assess when the idea of policy change is tied to technological advancement, market mechanisms, and power politics. But ignoring this crucial political process would fail to give a thorough account of policy developments.

Telecommunications policy reached the top of the government's agenda several times because it was recognised that an efficient and effective flow of information was vital

[7] Interview (TOT-002), conducted in Bangkok, January, 2006.

for the government to manage the rapid growth of Thailand's economy and political democratisation. Telecommunication was regarded as important for two additional reasons. The first is that the government strongly held onto its belief that telecommunication was central to Thailand's national security. At the same time, its high profitability provided the State with an important source of revenue that could be used to fund network deployment (Ure, 1997: 3). In short, the sector aimed to achieve a goal for financial reasons, because of security concerns, and for social development purposes[8].

1.2 Research Aims and Objectives

Generally, social scientists have attempted to explain how and why telecommunications policy changes are developed and implemented. Studies from a political perspective have stressed different levels of analysis, such as ideas and ideology, international factors, domestic interest groups and coalitions, political systems, and factors specific to the State (Petrazzini, 1995: 34).

[8] Interview (NTC-001), conducted in Bangkok, February 2006.

For the most part, the mechanisms behind different patterns of national adaptation remain unclear [9]. Galperin (2004: 166) argued that at that time, the rules created and enforced by traditional policy-making bodies on a national scale are only part of a multi-layered regime that includes international treaties, voluntary self-regulation, and semi-public cooperative arrangements. These are all under the umbrella of a vast collection of organisations and institutions.

In the study view, Thailand's telecommunications policy-making is best analysed through the various changes that the sector witnessed since the early 1990s. Transformation can be explained as a tool for correction of economic and political failure, a result of global pressures, public interests, political crossroads, technological change, regulatory competition, ideation change (new ideas), private interests, environmental changes, or governmental pressure.

This study covers the era from the start of a profound economic and political reform in 1990 and runs all the way through 2001. The aims of this study are to investigate:

1. How formulation of Thailand's telecommunications and ICT policy has been determined and shaped by exogenous and endogenous forces, and
2. How the Thai State has grappled with the social, political, and economic facets of its ICT policy.

[9] The main determinant of this divergent convergence is the different domestic political structure of the respective countries which disabled them from adopting a mere carbon copy of the American FCC-model (Schneider and Tenbücken, 2003: 26-27).

This thesis sets out to examine the key elements that influenced the development of Thailand's ICT policy-making in the context of telecommunications restructuring.

Specifically, the study objectives are to:

1) Explicate the policy-making process of Thai Information and Communication Technology (ICT) within the context of telecommunications restructuring.
2) Trace the interrelationships of endogenous and exogenous forces determining ICT policy formation.
3) Examine the role played by the Thai State as a policy-maker and as a template in the reform of telecommunications and ICT policy-making.
4) Investigate the role of the ideas that were influenced by interest groups in the formulation of ICT policy.

1.3 Research Questions

Based on the assumptions derived from the policy models that show how the policy-making process works to reach explicit goals, the study addresses the following research questions:

1. What telecommunications conditions (i.e., economy, technology) and institutional factors were presented in the formation process of Thai information and communication technologies (ICT) policy?

2. How were ideas channelled into the policy-making process of Thai ICT and telecommunications restructuring?
3. What was the interplay among the policy forces and in what ways did their relationships affect the policy decision outcomes relating to the development of ICT in Thailand?
4. What were the characteristics of the Thai State in its role in telecommunications restructuring and the formation of ICT policy?
5. What implications do the ICT policies have on the future role of the Thai State and its institutional impact?

1.4 Research Contributions

1. The thesis provides an understanding of the relationship between various factors regarding the policy-making process of the Thai State.
2. The study offers an in-depth analysis of diverse factors affected in the dynamic process of Thai State policy-making by applying a Garbage Can Model in a highly institutionalised environment (Kingdon, 1995) to State characteristics (Singh, 1999) as a paradigm for research analysis.
3. This research uses an analytical framework developed by the Garbage Can Model (Kingdon, 1995) and the State's decision characteristics (Singh, 1999)

through manoeuvrability and responsibility. It proposes that the State will make a policy decision based on various problem, policy, and political streams. The window of opportunity will be opened when the streams of opportunity and choice are confluent.

1.5 Scope of the Study

This research centres on the evolution of the policy-making process of the Thai government in the telecommunications industry. This study does not intend to specifically focus on a particular State enterprise in the telecommunications industry or to pay particular attention to economic factors, management factors, or aspects of innovation and technology development. These are basic key elements of the Thai State's decisions in telecommunications policy-making, I do not attempt to study which one of them makes the final decisions in terms of policy.

This research aims to understand how dynamic and powerful influences have an impact on policy-making in telecommunications in the Thai State, and what characteristics of the State determine the policy-making process**.**

As the first broad examination of the ICT policy-making process within the context of industry reform, the contributions that I seek to make with this research study consist of the following elements:

1. The study highlights the development in Thailand's ICT policy-making process. It does so by reviewing the role(s) and function(s) of the State and key industry actors and by describing the evolution of Thailand's telecommunications regulatory framework over the past 11 years. The unfolding of reforms in the telecommunications sector provides an interesting examination of the dynamics of ICT policy-making in an era of industry development.

2. Second, by studying the impact of world systems on the telecommunications reform process and outcomes, I seek to improve the understanding of the connection between international regime and domestic telecommunications policy-making. Moreover, my conclusions will add to the empirical knowledge of the nature and effect of the relationship between world telecommunications systems and domestic reforms.

3. By studying the workings of multiple drivers in telecommunications restructuring and the policy-making process of ICT & telecommunications, this study is intended to create further understanding of Thailand's

telecommunications politics, particularly the way in which it dominates the development of ICT & telecommunications policy in the country.

4. Ultimately, in response to the call to make telecommunications scholarship relevant to the non-academic world, this study will have accomplished its goal if (1) its results acquaint Thai policy-makers with the progress of ICT & telecommunications services in Thailand, guide their decisions, and help them to find constructive ways forward; and (2) it motivates and inspires further study regarding Thai ICT & telecommunications policy.

1.6 Research Design

The reports of ICT policy in Thailand at the TOT (previously known as Telephone Organisation of Thailand), CAT (previously known as Communication Authority of Thailand), MOTC (Ministry of Transport and Communication, later known as Ministry of Information and Communication Technology – MOICT [10]), TDRI (Thailand Development Research Institute), NESDB (Office of the National Economic and Social Development Board), NECTEC (National Electronics and Computer Technology Centre) and NITC (National Information Technology Committee Secretariat) were reviewed periodically

[10] The interviews at the Ministry of ICT, the industry policy-maker, were not accessible because of political instability and a newly appointed Minister.

from direct site visits to their libraries and Internet websites, together with related telecommunications industry journals, newsletters from the period of 1990 to 2001 in the areas of ICT policy and telecommunications restructuring in Thailand. Furthermore, related and relevant documents of Thai telecommunications from dependable Internet sources were also assessed during the same period.

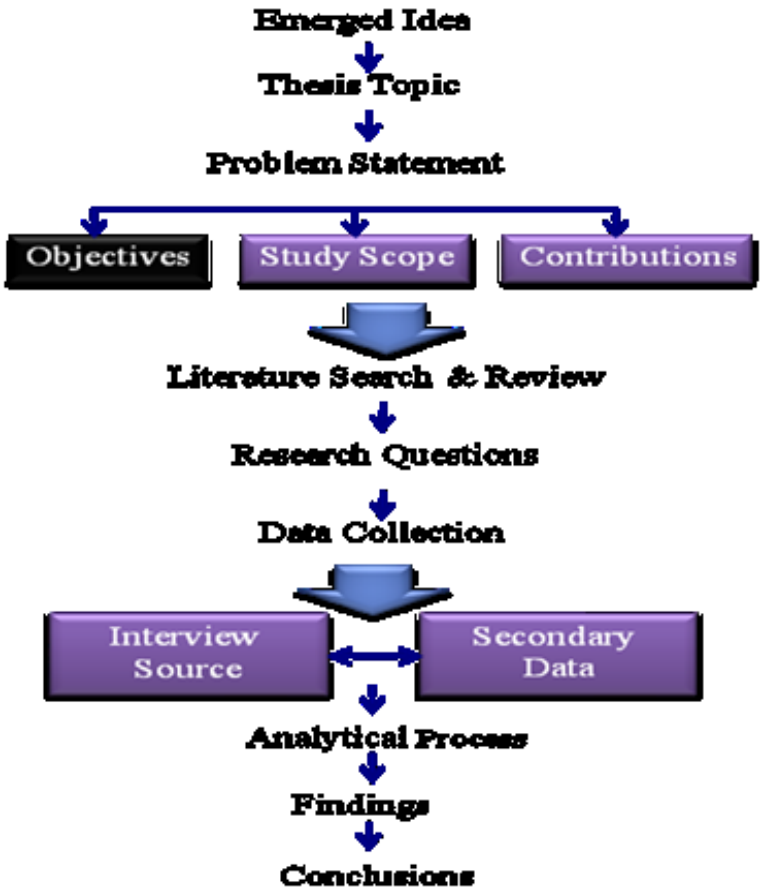
Primary data were collected through in-depth interviews. Semi-structured interviews were conducted with 60 individuals in the first round, three informants were interviewed in the second round[11], and five respondents were used in the third round of the study[12]. The multiple ranks of informants were drawn from the main governmental and non-governmental agencies: TOT (current and retired Presidents, Senior Executive Vice Presidents, Vice Presidents, Senior Directors, and Ph.D. engineers), NECTEC (director and engineer) and NITC (director and engineer), NTC (regulator), and TDRI (telecommunications expert). All interviews[13] were tape-recorded and later transcribed into text format for analysis.

[11] The second round interview was discussed with respondents who were knowledgeable of the changes in the telecommunications sector during the specific research period (1990-2001), and drawn from the first round meeting in 2006.

[12] The new group of representatives was selected from NECTEC and NITC in Thailand.

[13] A table of the research interviews is presented in Chapter 3 *Methodology*.

Figure 1.1 Thesis Way of Thought



Plan of the Thesis

This report is divided into three parts. Part I, Literature and Methodology; Part II, Findings & Analysis; and Part III, Conclusion.

Part I comprises three chapters: Chapter 1, Introduction; Chapter 2, Literature Review; Chapter 3, Methodology.

Part II comprises five chapters: Chapter 4, The Restructuring of Thailand's Telecommunications Industry; Chapter 5, The ICT Policy Politics of Thailand's Telecommunications. Chapter 6, The Findings and Analysis.

Part III comprises Chapter 7, Conclusions, Research Limitations and Suggestions for Future Research.

Chapter 2 reviews the literature in telecommunication policy studies and outlines the scholarly views on telecommunications policy research which followed the emergence of new information and network technologies in the early 1990s up to present. Chapter 2 also describes some crucial concepts in ICT policy research and the status of Thai telecommunication studies. It also explains the two policy models employed in the research analysis, and explores basic assumptions in ICT policy analysis. ***Chapter 3*** describes the research methodology used in data gathering and analysis. ***Chapter 4*** gives a historical overview of Thai telecommunications regulatory structure, the development of telecommunications in Thailand and the political & ideological contexts of the telecommunications restructuring which took place during the 1990s. ***Chapter 5*** analyses the politics of Thai telecommunications with a focus on ICT policy formation and telecommunications regulatory restructurings from the mid-1990s to mid-2001. It examines the roles of key State and non-State actors (State policy agencies, State telecommunications operators, capitalist groups, technocrats, bureaucrats and politicians) and the way in which they interacted and influenced the process of Thai telecommunications and ICT network policy formation. ***Chapter 6*** organises the study by answering the research questions and providing an analysis of Thailand's ICT policy-making and telecommunications regulatory restructuring process in the decade leading up to the year 2001. The final chapter, ***Chapter 7***, summaries the research study, the limitations of the work and extends possible new research areas.

CHAPTER II
LITERATURE REVIEW

2.1 Introduction

This chapter discusses the connection of a political economy concept to telecommunications policy studies and the research that arose in response to the innovations in telecommunications network technologies, bringing about various new elements in telecommunications policy theory. I briefly outline some key ideas in telecommunications policy studies, Thai research in telecommunications policy and telecommunications political economy, and then provide an analysis of the policy model employed in the study.

This thesis is mostly influenced by a large amount of literature dealing with the telecommunication changes that were made to improve social systems or organisations. Petrazzini (1995) discovered that reforms are more likely to have the intended result in cases where the relative autonomy of the State is high, the changes are to a fairly large degree shielded from political interference, and power within the State's system is highly intensified, opposed to cases where political power is more evenly challenged and administrative power is scattered. Other authors contend that telecommunications reforms are best evaluated by criteria rooted in dynamic institutional contexts and make reference to

new institutional economics (Singh, 2000: 887).

Three schools tend to dominate Thai policy-making process - *pluralism, class power, and institutionalism* (Mektrairat, 2009). The first stresses that competition among political interests determines the direction and output of Thailand's policy-making. It argues that policy-making process is increasingly pluralised among vested interests of industrial key players[14]. For instance, in the ICT segment, although the decision-making process considers what is in the nation's best interest, the State has opened the way for greater influence from a multitude of domestic State and non-State agencies and business entrepreneurs, as well as international forces.

The second school, *class power*, stresses the decisive role of Thailand's top politicians, hierarchical State officials, technocrats, and capitalist elites in the policy-making process. There too, however, policy is increasingly formed on a more inclusive rather than exclusive basis, with a broader band of consultative organs involved in the process. There is also a shift in the principal loci of executive policy deliberation and decision-making to a wider and slightly different set of institutional actors (Shambaugh, 2001: 103).

The third school, *institutionalism,* emphasises the importance of an institutionalised element on Thailand's policy-making process. It explores in particular the role of bureaucratic

[14] Interview (B-003), conducted in Bangkok, 27 February 2009.

structures[15]. While Thailand's formal political structure seems to produce a unified, interactive, and hierarchical chain of governance, in reality it is often divided, segmented, and stratified, generating interagency competition, power conflict, and problems in terms of coordination[16]. A good example of this fragmentation is the lack of State authority for overall coordination within Thailand's telecommunications industry that resulted in the split of responsibilities among several government agencies. Telecommunications became caught in a cycle of bureaucratic competition and politicization.

The following section is concerned with endogenous and exogenous factors affecting policy evolution in the telecommunications and ICT industry of Thailand. There are, of course, countless endogenous factors, but politics, culture, and institution are among the most important.

Bureaucratic Polity[17]

Thailand's political economy is characterised by gradual change rather than continuity. This change took place in the late 1970s contemporaneously with the rapidly changing economic and political landscape of the region. Previous to this, Thailand was a patrimonial administrative State or bureaucratic polity that emerged after the overthrow of

[15] (See Lieberthal & Oksenberg, 1986, 1988; Lampton, 1992; Lieberthal & Lampton, 1992).

[16] Interview (TDRI-001), conducted in Bangkok, March 2006.

[17] The administrative form or constitution by which any institution is organised.

royal rule in 1932 by a small group of military and civilian officials who subsequently established a democratic constitutional monarchy (Laothamatas, 1994). Thailand's bureaucratic polity is characterised by the dominance of the military-bureaucratic elite in decision-making with cabinets that are largely drawn from the bureaucracy and are responsive mainly to their constituencies (Riggs, 1966).

Although autonomy did not amount to the complete insulation of Thai bureaucracy from any form of influence, one significant obstacle (control of State apparatus by the powerful business class) to policy-making and implementation is, nonetheless, removed. Because the bureaucracy is more powerful than the business class, predatory power is exercised by the former over the latter. The absence of landed aristocracy in Thailand compels political elites to turn to the business class for largesse and they find it beneficial when the business class accumulates more wealth as this also increases their payoff (McVey, 1992). Adoption of economic policies that maximise wealth accumulation by businessmen is, therefore, rational, and in pursuit of this objective every Thai government has seen and recognised the imperatives of sound macroeconomic and trade policies (Doner and Ramsay, 1997; Christensen et al., 1997; Doner and Ramsay, 2000). To ensure stability and expert management of macroeconomic matters, they were entrusted to politically insulated technocrats while sectoral ministries (micro/industrial policy) were left to rent-seekers, thus giving the impression of a bifurcated Thai bureaucracy. However, this should not be viewed as an abrogation of responsibilities by policy-makers for sectoral policy. These individuals were observed to have used selective industrial policy and rents for positive developmental advantage (Rock, 2000: 188).

Industrial policy-making in Thailand is spread across a wide range of sectoral agencies. The lack of adequate coordination and often overlapping jurisdictions among them has created a condition that may have benefited the economy in general (Rock, 2000). Rock argues that this condition 'may have increased opportunities for rent-seeking, but it probably also limited rent-seeking expenditures in view of the ambiguous rights available and the limited probability of securing attractive rights through rent-seeking efforts' (2000: 185). Overlapping jurisdiction means that agencies with regulatory authority can engage in rent-seeking in competition with non-agency rent-seekers in the same industry. For example, rent-seekers may obtain trade-related favours from any of the four government agencies that control trade policy, namely, the Board of Investment, the Ministry of Finance, the Ministry of Commerce, and the Ministry of Industry (Rock, 2000). This unique institutional arrangement has created a competitive rent-seeking environment that may have reduced rent-seeking cost and inefficiency, thereby promoting growth rather than impeding it (Doner and Ramsay, 1997).

Semi-Democratic Polity (Liberal Corporatism)

The sustained economic growth engendered by economic and political reforms introduced by Field Marshall Sarit Thanarat in the late 1950s and carried on by subsequent leaders inevitably had an impact on civilian-military bureaucrats and the Sino-Thai business class relationship. Consequently, factors such as inter-marriages and similar socialisation processes, particularly concerning education, gradually made these two groups more equal

(Chai-Anan, 1990). On the one hand, the growing financial independence of the business community increasingly insulated them from government intrusion (Suthy, 1982). On the other hand, the decline of government control of trade associations and the penetration by representatives of these associations of the public sector built-up the relationship between bureaucratic and business elites (Rock, 2000: 192).

Laothamatas notes that 'a legion of well-educated and 'Thai-ified' business people have entered political parties, the House of Representatives and government cabinets' (1994: 201). This phenomenon wherein the once politically outcast Sino-Thai business elites attained equality with civilian-military elites, along with their growing influence in the policy process, is associated with the transformation of the Thai political economy. The transition moved from a bureaucratic polity to a new semi-democratic polity. This transformation saw the rise of various trade associations, which have become active and persistent in advancing their policy preferences, to the point that they sometimes 'trespass' in policy areas that have been traditionally the domain[18] of civilian-military bureaucratic elites (Laothamatas, 1994). The financial and political independence of Sino-Thai businessmen, along with improvements in their social standing (being at par with civilian-military bureaucratic elites), means that the business sector has more power to directly influence policy decisions and advance their policy preferences than before. The international factor has been one of several key significant factors in the country's telecommunications change. Since Sarit's time, there has been an incessant drive to pursue

[18] Laothamatas (1994: 204) cites as examples the business community involvement in moves to liberalise border trade with Laos and Cambodia, and criticism of the government's enforcement of law and order in southern provinces with insurgency problems.

growth-enhancing economic policies. This is largely done by opening the local economy to global competition.

Interest Groups in the Policy Process

Interest groups play an important role in policy-making. The pressure that they exert upon government decisions determines the course of public policy. As Arthur Bentley (1993: 19) notes, '[p]ressure, xxxxx, is a group phenomenon. It indicates the push and resistance between groups. The balance of the group is the existing State of society.' Rent-seeking is, of course, a known activity of interest groups to pressure and influence the policy-making process. Given the importance of this process, a basic overview is worthwhile. As the number of interest groups increases and their respective power on the State strengthens, policies will be increasingly arrived at via compromise. As a result 'convincing' policies would be difficult to come by, as the objective in policy-making is more of satisfying the preferences of contending groups. Although interest groups have been drawing controversies among political economists before Bentley's pluralist era, it was not until after the publication of 'The Process of Government in 1908', which was taken up by David Truman about fifty years thereafter in his book, 'The Governmental Process,' that a group approach has gained widespread acceptance in the study of politics.

Since then, proponents of the 'group approach' from both political science and economics consider interest groups to be fundamental determinants of political and economic

behaviour. In turn, this behaviour influences government policy. Latharn (1952) emphasises that interest groups are just as significant to economics as they are to political science. Other scientific work fields such as sociology, history, anthropology, and psychology deal with interest groups as well. Each of these disciplines has its own definition of interest groups, resulting in an overabundance of definitions. It is not my intention to give an exhaustive and systematic account of these definitions. Instead, a range of definitions relevant only to the purpose of this study will be presented.

Truman (1958) defines 'interest group' as any group that, on the basis of one or more shared attitudes, makes certain claims upon other groups in the society for the establishment, maintenance, or enhancement of forms of behaviour that are implied by those shared attitudes. Wilson (1990) emphasises that interest groups have a degree of autonomy from the government and political parties in their attempt to influence public policy. This implies that they do not intend to control the government. This may be true in western democratic societies but not in other forms of political societies, particularly in developing countries. In Thailand, the shift to liberal corporatism also changed the motivation of interest groups vis-à-vis the government.

Perhaps of greater relevance[19] to this study is the nature of interest groups as an organised body of individuals who share specific economic goals to influence public policy through political institutions and governmental processes (Berry, 1984). There is also a tendency

[19] This is to emphasise that this definition of interest group is basically drawn from the experience of western democratic societies. It is recognised that there is an absence of well organised interest groups in the strict western sense in most of Thailand's recent political and economic history. Given this, it would be useful to relax the definition to accommodate the distinct politico-economic features of the country.

for these groups to be located in the same industry or sector (Peters, 1981, as cited in Daxhammer, 1995). This explains why traditional interest groups are often industry or trade associations. Because their economic goals are limited and specifically related to their industrial or sectoral location, they are also referred to as special interest groups. The foregoing definition of interest groups does not preclude the existence of other groups whose interests are not entirely based on economics. Interest groups are also known as 'lobby groups' or 'pressure groups.' Pressure is, of course, a consequence of organised groups. Whether or not a group intentionally creates it, being organised alone leads to pressure. This is because the potential to act to create pressure is always present. Nonetheless, the term 'lobby group' has its own historical origin. It was coined in the early 19th century, derived from activities of people often seen around lobbies of public buildings approaching office holders to ask for favours (Ippolito & Walker, 1980). Daxhammer adds that 'Today, lobbying still refers to the stimulation and transmission of communication with emphasis on direct persuasion' (1995: 20).

Class Power

Classifying interest groups into definite types and categories suffers from the same problem inherent in finding a conclusive definition. This is again the result of an overabundance of classifications in the literature due to differences in the context and perspective with which they are used. Nonetheless, the subsequent discussion covers the types of interest groups relevant to this study. Hague et al. (1998:115-7) classified interest

groups into customary, institutional, protective, and promotional types. Customary groups are mainly not created for specific purposes but simply are part of the social fabric. Membership is basically based on birth, ethnic identity, religion, and other such factors. Institutional groups are generally large formal institutions that are not founded to exert political pressure but are often drawn into the political arena; these include institutions such as churches and universities. Hagopian (1978: 335) noted that such institutional bodies or segments of bodies may champion their own interests or those of external groups. Protective groups, also known as sectional or functional groups, are formally-organised groups founded to protect the material interests of their members. This type of group is also similar to Marsh's (1983) market-oriented group or Berry's (1977) private interest groups. Protective groups are primarily motivated by economic goals and are particularly interested in affecting market conditions. Promotional groups, on the other hand, are designed to promote ideas, identities, and values. This closely resembles Marsh's (1983) non-market oriented groups. Classic promotional groups are not primarily concerned with their members' personal welfare or material interests but rather promote a broad conception of the public interest. This type of group resembles Berry's (1977) public interest group classification. Of the four classifications of interest groups, protective interest groups, also known as market-oriented or private interest groups, are of greatest relevance to this study. These groups are basically founded to influence government. They represent clear economic interests and are therefore often considered to be the most influential of all interest groups.

Interest Groups in Historical Perspective

In order to appreciate the relevance of interest groups, it is worthwhile to examine and understand them in historical context. This will also show the evolution of society's perception of interest groups over the years. It must be noted, however, that the study of interest groups and the corresponding literature basically originated from western democratic societies.

One of the early important contributors to this literature was the American group theorist James Madison, who had shown keen interest in the link between groups and American politics (Ornstein & Elder, 1978). In The Federalist Papers (1788), Madison referred to interest groups as 'factions' defined as 'a number of citizens, whether amounting to a majority or a minority of the whole, who are united and actuated by some common impulse of passion, or of interest, adverse to the rights of citizens, or to the permanent and aggregate interest of the community.'[20] Although Madison considered 'factions' or interest groups to be inherently bad for society, his conclusion was not to prohibit them because he recognised that factions would naturally occur in a free society and could not be naturally checked nor eliminated by force (Ornstein & Elder, 1978; Cigler and Loomis, 1986). Instead, he advocated that factions should be pitted against one another to neutralise their activities. This idea is basically the precursor to the concept of checks and balances that currently underlies the American political system.

[20] The Federalist Papers, No. 10, New York: New American Library, 1961, pp. 77-84.

John Calhoun (1929) subsequently took up Madison's idea of factional checks and balances, leading to his theory of 'the concurrent majority,' published posthumously in 1850. Like Madison, Calhoun feared the potential 'tyranny of the majority' but did not consider factions selfish and bad. Instead, he saw the importance of their varying views to the nation. Thus, he argued for various interest groups to be allowed veto power over policy proposals that affected them and a 'concurrent majority' of all interest groups before a policy proposal could be adopted. His idea was nevertheless seen as 'supportive of slavery and caught up with that controversy' (Ornstein & Elder, 1978: 10). Even Adam Smith[21] had an adverse view of interest groups; he suspected trade associations to be instruments of cartelisation (Colander, 1984). Moreover, Stigler (1975: 45) concluded that Alfred Marshall's distrust of government could be the result of his 'fear that the parliament would become the creature of special interest.' The negative perception of interest groups persisted until political theorists started to see them in a different light beginning in the early 20th century.

The turn of the century saw a dramatic shift in the way interest groups were perceived. This coincided with political scientists' increasing scholarly interest in interest groups related to the study of politics. Among the leading group theorists during this era was Arthur Bentley. In contrast to the legal-institutional framework[22] that dominated the political thoughts of the late 19th century, 'Bentley did not only discuss the impact of

[21] A Scottish social philosopher and a pioneer of political economy.

[22] This framework focuses mainly on the three branches of government - executive, legislative, and judiciary - and in the process, ignoring non-government forces such as interest groups in politics.

interest groups in politics but also developed a portrait of the entire American political system in group terms' (Ornstein & Elder, 1978: 11). To him, government and policy were the result of the interactions of groups within and outside the government; society was no more than a complex of groups (Bentley, 1949).

The intellectual climate surrounding Bentley and his contemporary theorists allowed for the emergence of a new type of thinking known as pluralism. Although it was not the principal intention of pluralist thought to make moral judgment as to whether or not interest groups were good, it created a favourable view of them due to its emphasis on the 'spontaneity, the liberty, and the voluntary quality of the private association in contrast with the compulsory, coercive character of the State' (Coker, 1934, as cited in Olson, 1971: 112). Moreover, pluralism views democracy as a response to the 'expressed demands of organised, narrow interest groups with politics as a process of group competition' (Miller, 1989 as cited in Daxhammer, 1995:39). Thus, they are necessary and vital components of the democratic governmental process (Truman, 1958). Although pluralist thinking flourished and dominated much of the first half of the 20th century, it did not go unchallenged.

One of these challenges was the view that interest groups or lobbyists have considerable influence in politics. A study by Lester Milbrath (1963: 342) revealed that 'lobbyist and lobbying groups have a very limited ability to control the selection of officials or to affect the likelihood that an official can keep or enhance his position…They also find it difficult to try to manipulate public opinion…'. These revelations were corroborated by the findings

that some lobby groups were underfinanced and poorly organised (Wilson, 1985). Other criticisms came from conservatives who thought that 'pluralism undermines State authority and unity and from the left wing who interpreted pluralism as an attempt by the ruling class to solidify its own position of power by blurring any class-antagonism via an alleged multiplicity of different groups' (Daxhammer, 1995: 43).

Why are some interests represented effectively while others are not? Olson gave the answer in his book 'The Logic of Collective Action' (1965), by way of extending neoclassical economic reasoning to politics (Olsen, 1965). His explanation seriously challenged the pluralist view of group formation and group cohesion. Olson's main argument was based on the assumption that individuals are selfishly motivated by economic gain and that they behave rationally. He also argued that the reason individuals organise themselves is because of some public goods that they can only get through collective action[23]. A benefit obtained without the usual cost or effort is a main obstacle to group formation and cohesion. Hence, a larger number of individuals are more likely to have difficulties forming an effective organisation or acting collectively because of a higher motivation by individual members to free-ride[24] (which would undermine the organising efforts and collective action). Conversely, the probability of a smaller number of individuals organising and acting collectively is higher.

[23] By implication, this argument means that if the goods can be obtained more efficiently via individual effort then there will be no reason for individuals to organise.

[24] This is an implication of the assumption that humans are self-interested and rational in tandem with the insignificance of an individual contribution in large organisation.

Olson's theory appears to be supported by the presence of a number of smaller yet highly effective organisations such as trade or industry associations. These groups are more successful in articulating and advancing their preferences than larger groups, such as consumer groups, whose enormous size is often a hindrance resulting from difficulty in articulating the members' varying preferences and coordinating actions to advance them. Olson's idea, however, is too narrow to account for the few groups that have successfully organised based on non-economic incentives. Moreover, he failed to offer an explanation as to why individuals actually organised. The exchange theory attempted to fill this gap by offering a framework to the study of group formation and activity (Salisbury, 1969). It focused not only on members or potential members of an organisation but also on the leaders who are known as political entrepreneurs. The basic idea underlying the exchange theory is that a political entrepreneur[25] acts as coordinator in balancing the preferences (demand and supply) of group members. Thus, he may alter incentives to ensure that members' preferences are served, which is, in the first place, the reason for them joining the group.

It should be noted that the above-discussed thoughts on interest groups were conceived at a particular point in time. They reflect the general social, economic and political conditions prevailing during the research period. Hence, as conditions change, ideas on interest groups change as well. For example, the study of private interests that dominated much of the literature of interest groups was later superseded by the emergence of public interest groups (e.g., environmental groups and consumer groups). These groups neither represent

[25] A political entrepreneur is assumed to find setting up an organisation to be 'profitable' to him.

specific interests nor pursue material benefits. Instead, they claim to represent the whole society. This insight means that the evolution of ideas and concepts regarding interest groups will continue and will have profound implications on the government policy-making process and the way society views and responds to them.

2.2 World System Perspective

The main stream of research on the political economy of telecommunications in developing countries largely derived from dependency, world systems, and international neo-Marxist political economies. Neo-Marxism is used frequently to describe the opposition to inequalities felt by less developed countries in a globalised world. In a sociological sense, neo-Marxism adds Weber's (1990) broader understanding of social inequality, such as status and power, to Marxist philosophy.

The dependency and world systems perspectives intend to 'incorporate telecommunications into an explanatory paradigm congenial to mainstream intellectual and political interests' (Mosco & Reddick, 1997:17). Because telecommunications is viewed as an outstanding resource, its advance is considered an index of development. These angles challenge the basic assumption of the modernisation or developmentalist model, in particular its technological philosophy, ignoring of the inequality of global power relations, and the

multilevel class relations between and within the First and Third Worlds. In highly industrialised cultures, lower levels of income are systematically shown to be tied with technology inaccessibility (Fuchs, 2009).

The North American pattern is based on institutional and Marxist customs and has been forced by a sense of partisanship with world powers in the telecommunications industry, with transnational firms mostly responsible.

Among the other researchers examining the world system is McChesney (1993, 1996, and 1997). Rejuvenating the world systems perspective, he stated that some attitudes of the current global capitalist order were harmful to the development of democratic telecommunications systems. These tendencies included deregulation, deterioration of the public sectors, impaired power of labour unions, economic instability, environmental deterioration, and increasing economic configuration, the dividing of a society into levels on the basis of economic wealth and power.

Because ICT expansion forces an increase in access to information and knowledge, the disparity diffusion of ICT between developed and developing countries may have a very dissimilar effect on economic proliferation, and hence on prosperity and richness.

For many global corporations (ITU and UNCTAD, 2007; OECD, 2008; World Bank, 2006), the commonly known digital divide has become an utterly outstanding test for

policy personage and an effective research project. Key in the current system is the power of transnational telecommunications firms, which, with easy transborder movements of capital, can persuade governments to accept and implement policies that further the firms' interests through supranational arrangements such as the North American Free Trade Agreements (NAFTA) and the World Trade Organisation (WTO). In economic geography (Scott & Storper, 2003), it has been shown that worldwide scale has produced into regions, especially for administrative purposes, a focusing of hi-tech manufacturers, especially in Asian countries.

World systems scholars have contended that telecommunications policy-making in developing countries is driven by international power and global telecommunications firms. The structure of ownership and pattern of national telecommunications infrastructure is often designed to suit global corporate interests (Schiller, 1993; Boyd-Barrette, 1993, cited in Lamnadi, 1999: 15).

In his book, 'The Modern World System: Capitalist Agriculture and the Origins of the European World Economy in the Sixteenth Century,' Wallerstein (1974) broadens an existing theoretical framework in order to understand the meaning of historical changes in the modern world. The modern world system, which is primarily capitalist in nature, was instrumental in the rise of Western Europe to a world power between 1450 and 1670. As stated by Wallerstein, his theory allows an in-depth understanding of the outside and inside evidence of modernisation activity during this period and enables examination of comparisons between various parts of the world. It is in this sense that most distinguished

reorganised partnerships in Asian countries have an elite essence, basically including notable business users, supplies manufacturers, international organisations like the World Bank and WTO, and foreign governments. Not only is reform partly an outcome of the interaction among these alliances, but it becomes even more entangled when there are not one or two but various mergers.

With numerous actors, changes may be time-consuming and disjointed. Comprehensible coalition demands, especially plural ones, are curtailments on political systems. Insofar as political systems now start to approach vast demand pressures, they are proceeding away from premier deliberations embedded in the supply-driven PTT model, even when the reform is sluggish and adrift as they are in India and the Philippines (this will be explained in more detail in Chapter 4).

Second, these partnerships are frequently part of other national undertakings and might in the long run become less elitist. To sum up, the scenarios concentrating upon the productiveness of privatisation and liberalisation need to explain the role politics plays in these attempts.

Proficiently orchestrated international forces are clear-cut champions for reforms but ubiquitous service in countries like Singapore happened as an effect of State privileges. To make the beneficiaries of reform less dependent on world systems, it requires recognition of the internal procedures of States and their interplay with civilians to comprehend how

societal preferences are pronounced and adjudicated to design the latest technology (Wolf & Sussman, 1995).

World System Perceived by Other Asian Countries

The countries examined were selected meticulously to rationalise modifications in institutional dominion, industry configuration, and also for degrees of development. The alterations in environment and industry structure were scanned to determine whether they triggered arguments in network competence and development. The variations also allowed us to assess the degree of expansion in nations with or without (and also, at times, before and after) privatisation and market liberalisation. Granted, there are inconsistencies in the earnings levels of the countries examined; three samples are those of low-income (Philippines) and mid- to high-revenue countries (Singapore and Malaysia). Being sensitive to success levels required being vigilant regarding infrastructural progress and developmental backgrounds of newly industrialised countries (NICs) like Malaysia and Singapore that are in many cases extolled as 'role models' for the developing world.

Most research inquiring about the consequences of a world system policy such as liberalisation or privatisation on infrastructural expansion have looked closely at Latin America (Ros & Banerjee, 2000; Molano, 1997; Ramamurthy, 1996). Ros and Banerjee (2000) that Latin America had ten cases of private service facilities between 1986 and 1995, whereas Asia had just two (Hong Kong and the Philippines). Yet, Asia is considered

more far-reaching in terms of privatisation, with cellular phone use and specialised functions being the norm; ***see Table 4.5***. Moreover, Asia's competition, even if among State providers, is important. The structure also allows us to observe its consequences. Third, the high-pitched growth rates of service provision by government operators in a few cases and, occasionally, inferior growth rates by privately owned carriers, require us to scan deeper into the procedure of privatisation in order to inspect the institutional ingredient in which it takes place.

Malaysia

Malaysia illustrates the case of a solid State pushing through its telecommunications amendments with its managerial power but having to satisfy contrasting voters in a district in all stages of its telecommunications reform. Demand stresses on the Malaysian State flow from its socio-economic cleavages that relate to Malaysia's multi-cultural society, rural-urban boundaries and, somewhat, federalist or regional crashes. These conflict make it difficult for the Malaysian State to execute cutting-edge developments practically. Malaysian pluralism often drives telecommunications reforms that become wearisome, and at times, results in partiality in favour of politically dominant groups.

The core carrier's corporatisation and prejudiced privatisation in 1990 was accompanied by the liberalisation of the Malaysian telecommunications business in general; ***see Table 4.5 and Table 4.6***. Twenty-five percent of Telekom Malaysia's (TM) share was primarily

privatised (34 percent by 2000). The firm still has difficulties filling waiting list demands, but has been profitable since 1993. The objections to restructuring were reduced by the time of privatisation. Most of the enthusiasm of consumer and other interest groups in the 1990s were related to the liberalising market configuration.

The market liberalisation practice was marked both by striving to satisfy the prospective providers of telecommunications (and promoting the native Malay bumiputer [26], who prevail over State policy) while also attempting to satisfy diverse user groups. The most substantial difficulty was the service demands of rural users for whom provision costs are high, but income from sales was unsatisfactory. Provincial users are crucial for the Malaysian State, as the rural population constitutes 46 percent of the total population; this is in contrast to an average of 27 percent for topmost-middle-income countries. Additionally, bumiputeras show favoritism toward rural locales. Accordingly, Malaysia's social policy exposes a rural prejudice in spite of the fact that it is not always supported by the data. For example, rural teledensity[27] was 3.8 in 1994 compared to a national total of 14.9 (Telekom Malaysia Berhad, Operational Review, 1995). This means that the number of landline telephones in use for every 100 individuals living in rural area of Malaysia in 1994 was 3.8, which was almost four times lower than that of the whole country.

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[26] In the 1970s the government implemented economic policies designed to favour *bumiputras* (including affirmative action in public education) to create opportunities and to defuse inter-ethnic tensions following the extended violence against Chinese Malaysians in the May 13 Incident in 1969. These policies have succeeded in creating a significant urban Malay middle class. They have been less effective in eradicating poverty among rural communities. Some analysts have noted a backlash of resentment from excluded groups, in particular the sizable Indigenous Non-Muslim *Orang Asli,* Chinese and Indian Malaysian minorities (Source: http://en.wikipedia.org/wiki/Bumiputera_(Malaysia).

[27] The number of landline telephones in use for every 100 individuals living within an area. A teledensity greater than 100 means there are more telephones than people. Third-world countries may have a teledensity of less than 10.

On the other hand, while Kuala Lumpur[28] represents not even one-sixth of the total mainlines in the country, it is an example the spread of telephones in the country in general. Remarkably, over 60 percent of families in Malaysia have access to a mainline. Even if overstated, this number demonstrates to the noteworthiness of the Malaysian State in terms of its legitimacy in the telecommunications arena. By and large, despite service enhancement, Malaysia's waiting list for telephones, which declined in the 1980s, escalated again in the 1990s from 82,000 in 1990 to 160,000 in 1998. Ultimately, Telekom Malaysia, as could be anticipated from a key incumbent provider, indulged in a number of practices which made matters hard for new entrants. Interconnection with Telekom's network and high charges were major problems.

The liberalisation of the cellular industry, in particular, is evidence that the State attempted to leapfrog the technological boundary, and affirmed in rural areas that cost-efficient cellular service would shortly be accessible to them. The following step was to authorise cellular service providers that would then challenge TM's own cellular service provider, ATUR (launched in 1985).

The first provider to be contracted was Celcom, a bumiputer concern, in 1989 (by 2000, it presided over two-thirds of the cellular market). But by 1995, seven licenses had been announced for mobile telephony alone, and most significant viewers tagged it a case of 'privatisation run amok' (Far Eastern Economic Review, June 15, 1995). Paradoxically, by

[28] Kuala Lumpur is Malaysia's capital.

2000, Telekom Malaysia's own cellular concern had not turned a profit, chiefly caused by low subscriber bases. This instance of over-licensing broadened beyond cellular.

TRI (the holding company for Celcom) equipped itself for conveying international service (a Telekom Malaysia monopoly) to its clients. Binariang, another cellular provider (with a 20 percent share by U.S. West and 33.3 percent by British Telecom) was also to deliver domestic and international services. Moreover, Time Communications was permitted to design a 1,000 km fibre optic network for local service and was expected to provide international services. On the whole, there were eight operators for mobile, landline, and satellite-based services during the 1990s period (Far Eastern Economic Review, 1995).

By mid-1995, the Prime Minister Mahathir Mohamad personally interfered in the congested telecommunications market, proclaiming that the State would like to ensure mergers or partnership prospers. A comparable activity was captured in April 1999 by the Minister for Energy, Communications and Multimedia, who halted provision of new licenses due to the immoderate number of entrants.

The Malaysian State pursues a tough and effective role in its society but experiences pluralistic constraints and hardship in mediating those pressures given its current institutional impediments. In July 1997, the State's legitimacy (counted on economic foundations since the 1969 uproars and successive policies) confronted a strong challenge due to currency depreciation and economic disaster. However, it appears to have withstood the crisis well, especially in the sense of carrying out its all-inclusive plans for information

technologies. The Communications and Multimedia Act 1998 went into effect in April 1999, merging telecommunications, programming, and computer ministries and establishing an impartial regulator (Malaysian Communications and Multimedia Commission). The Act plans to promote ideas such as the Multi-media Super Corridor (MSC), a 30-mile facility with modern computing and information competencies.

Because one of the targets of the New Economic Policy (NEP) was the invention of supplementary job openings, a spontaneous first step in the programme's execution was the creation of new employments for Malays within State sector organisations such as Jabatan Telekom Malaysia (Malaysian Telecommunications Department). By the late 1970s, what was a perfect telecommunications department for a developing country had become overstuffed and inept, thrice its total personnel from 7,000 to 21,000 employees (Kennedy, 1995). The problems within JTM also fostered opportunities for individuals within the Malaysian government to demand the privatisation of the telecommunications industry as one channel of reaching the NEP goal of growing Malay levels of corporate ownership. Because approaches to contracts and licenses for the telecommunications network and its services have always been inferior to government supervision, the privatisation project generated the most opportunity to install new Malay-owned corporations jointly with the aims of the NEP.

As a result, the Malaysian telecommunications industry is ruled by Malay-owned firms (Lent, 1991). This procedure began quite ahead of schedule, with the foundation of Malaysia's initial private telecommunications company, Sapura Holdings, in 1975.

Telekom Malaysia was privatised somewhat later, in 1987, although it is still predominantly possessed by the Malaysian government.

Since the end of the NEP, entrance roadblocks to non-Malay companies have somewhat decreased. Two of the more advanced corporations, Binariang and Mutiara Telecommunications, have exclusively minority Malay involvement. In both situations, however, enterprise management is reserved by non-Malay insiders noted to have admittance to and power with UMNO[29] leaders (Gomez, 1994).

Malaysian Telecommunications Markets

ICT

Prior July 1996, there was just one Internet Service Provider in Malaysia, the Malaysian Institute of Microelectronic Systems (MIMOS), a government research group. Their work, termed Jaring, started functioning in 1992 as a research network and unfolded its services later to the business sector and community at large. In its early stages, Jaring's user population expanded quickly at a rate of about 20% per month. By the end of 1995, it had over 25,000 subscribers. During the same time, Jaring encountered mushrooming issues and users frequently had to wait a substantial amount of time before being able to connect.

[29] United Malays National Organisation.

Moreover, there was also some downsizing or closing down to new users that appeared for a period of several months from late 1995 to early 1996. In March of 1996, MIMOS declared that the commercial termination of Jaring's operations would be captured by a group of Jaring Access Service Providers (JASPs), with MIMOS' responsibility becoming restricted to the operation of the backbone itself.

According to reports, eight companies were chosen: Binariang, MRCB Telecommunications, the New Straits Times Press, Utusan Malaysia, Sapura Holdings, Telekom Malaysia, Time Telekom, and the JASP Konsortium. JASP would be permitted Internet ingress via Jaring, but reportedly would be required to sign an agreement to not turn comprehensive Internet Service Providers, utilising their own international links, in the future. The logic for this agreement created by MIMOS executive officers was that preserving a monopoly service was the sole method to (1) avert 'the sort of wasteful duplication of services which exists in the cellular telephony market,' and (2) assure that the high cost of retaining and sustaining the local and international backbone would be fulfilled, hence promising that wide spread access around the country would be feasible.

After months of debates, five of these corporations signed an agreement with MIMOS to be converted into JASPs in July, 1996. These were announced to be: Time Media, a joint project between Time Telecom and Sapura Holdings, the New Straits Times Press, Utusan Malaysia, a Malay language newspaper, Binariang, and Silicon Communications, which is an association integrating two State economic development firms and a group of native and foreign partners.

Instead of deciding to become part of JASP, Telekom Malaysia immediately lobbied the government to acquire its own ISP license. That authorisation was permitted to in July of 1996, and the company inaugurated its Internet service, called TMnet, in November of 1996. At the same time, MIMOS dropped Jaring access prices to coincide with those of the latest TMnet service and transformed a privatised corporation.

Given the number of companies seeking to join and the importance of the Internet for national advance, Malaysia's Internet was in the midst of reorganisation. Binariang has been commended as a likely candidate to be Malasia's because, as MEASAT's operator, the corporation could offer international Internet connections, basically the most expensive constituent of any Asian ISP's network, at a comparatively minimal cost. As of November, 1996, there were nearly 50,000 Internet subscribers in Malaysia.

The Malaysian telecommunications industry has become one of the most aggressive in the world. All of the markets explained earlier have manifold operators, and almost all newcomers have been businesses in which majority title was held by Malay corporations. Whilst the Internet is now a duopoly, it has been converted more vigorously lately. Recent market shapes in Malaysian telecom is the immediate consequence of the long-established UMNO goal of growing Malay ownership ranks in the Malaysian economy because capitalistic markets generate the greatest number of market actors.

Singapore

Singapore's telecommunications transformation was contoured and determined by the forceful Singaporean State, which performs a vital capacity in designing societal selections and interferes openly in the economy.

The role played by the State is so essential to Singapore's economy that it is viable to dismiss the demands that the State confronts. The performance of the State, nevertheless, presents the macro background against which the priority granted to MNCs and the present international strategy of Singapore Telecom (SingTel) are investigated. However, the State verifies that all of its citizens obtain telecommunications services, in turn guaranteeing the legitimacy of the State.

Singapore's telecommunications industry has undergone three stages. In the first phase, lasting until the late 1970s, telecommunications retaliated against business and societal requirements via access to its infrastructure. This period was marked by service improvement and lowering of waiting lists for telephone links. State legitimacy in Singapore places ultimately in being able to deliver a superior standard of living to its citizens. The two groups at the micro level that pertain the State with regard to telecommunications are the Singapore community and international commercial groups.

These two groups are frequently the only players who scrutinise Singapore's telecommunications. It is vital to take into account that Singapore's waiting list for telephones was two years in 1972 (for the general public) and dropped to less than two weeks in 1979. By 1980, Singapore had the most prominent teledensity in the underdeveloped world (its current accessibility rates are comparable to those of any in the mature world). Likewise, in the 1980s, the virtues of ISDN or broadband nexuses in Singapore, when provided were ubiquitous.

Throughout the second phase, the 1980s, telecommunications constituted a section of the State's pro-active strategy to shape a competitive advantage for the commonwealth. Resources such as banking, financial services, and tourism were prioritised and a new effort was begun to draw MNCs. (There are more than 650 MNCs in Singapore, many of them with regional head offices). These MNCs played a significant role in configuring Singapore's international competitiveness. The National Information Technology Plan (NITP) commenced in 1986 with the purpose of making Singapore an information island. By the time of the NITP statement in 1986, an 'information communication infrastructure' was acknowledged as crucial for Singapore's information society strategy. Earlier plans were granted a revived thrust and easily implemented given the coordination among ministries of finance, trade and industry, communications and the powerful Economic Development Board.

By 1989, Singapore boasted 100 percent ISDN. Cellular service was launched in 1982, and by 1990 the city had 52,000 mobile telephone users (cellular teledensity was 34.6 in 1998).

Data network facilities were broadened in spite of Singapore's red tape[30] and commercial resources. Private networks appeared for key services and sectors.

The third stage of Singapore's telecommunications strategy, beginning in the late 1980s, may be recognised as boosting the State's international performance, partial liberalisation of State monopoly in telecommunications, and outlining and implementing an enthusiastic plan (IT-2000) to invigorate up-to-date multimedia services. Introducing Singapore Telecom as a corporate and business entity was required to produce these results. Only partial privatisation was needed to send the correct indication to international markets. A meticulously orchestrated privatisation of about 11 percent of the stock (down from the preliminary report of 20-25 percent) occurred in 1993, though 24 percent of the stock had been offered by 2000. The trade press named it as 'the most prestigious international equity deal of the year' (Euromoney, April 1993). Only about 2 percent of the stock was permitted to be reserved by foreigners. Rivalry was also embarked in local and international telecommunications by April 2000, two years ahead of schedule. Nonetheless, the 76 percent State ownership of SingTel disfigured its chances to buy or unite with service operators in bordering markets.

The wide-ranging State-led perspective for telecommunications in Singapore persists with multimedia services in particular. Its cable service, introduced in 1997, is considered one of the best in the region (Jussawalla, 1999) and it is also positioning itself to be a regional centre for broadcasting. Its Internet strategy, by means of private competitive provision,

[30] An official routine or procedure marked by excessive complexity which results in delay or inaction.

appears to be paying off, both securing dynamic progress as well as agreeing to content regulations for the sake of social steadfastness (Wang, 1999).

Singapore's radical plan in telecommunications has been configured by a catalytic State which only has to reply directly to a few tenacious outside stresses. While MNCs have direct admittance to the State and societal constraints are more subordinate, the State both offers fundamental services and remains adequately independent in doing so. In boasting of its existent and future communication services, Singapore calls itself 'An Intelligent Island.' One hundred percent fibre optical networks were anticipated to be accessible by 2005. But as with immense subscribers elsewhere, 30 percent of the users account for almost three-fourths of all telecommunications traffic while only about 2 percent of the traffic originates from the lowest 30 percent of users (Bruce & Cunard, 1994).

It is also positive that international companies operating in Singapore are assigned to obtain the best of telecommunications services, with all other users second. The exclusion might be the commencement reciprocal services scheme, Singapore One, working toward convergence of cable and phone networks, which is directed toward all business, State, and residential consumers[31]. Lastly, even with an MNC-oriented coalition in Singapore, the State's work is relatively effortless because it confronts no conflicting compulsions such as political resistance.

[31] However, it has had problems attracting customers and is criticized as being a 'field of dreams.'

A State-led progress strategy in which the State could focus on accomplishing the requirement of particular groups, has been well-implemented in Singapore. In the 1990s, Singapore's liberalisation plan was propelled further by SingTel's enthusiasm to have a vigorous regional and international role than by any kind of incapability to fulfil demands at home. It was apparent by 2000 that three-fourths ownership of SingTel by the government was impeding its international desires.

Additionally, while there is public encouragement for the State's Internet strategy as Singapore develops toward proffering the recent generation of interactive services, it raises a difficulty for the State that has conventionally regulated information streams. One academic (Sisodia, 1992: 40) observed the 'irony' nearly a decade ago that 'there is an inherent conflict between the democratisation of information creation and access and the State's long-standing determination to control closely the information citizens receive.'

In 1993, the Telecommunications Authority of Singapore (TAS) was rearranged into a small government regulatory entity under the same name, and a large publicly traded corporation, Singapore Telecom. Despite being privatised and traded on the Stock Exchange of Singapore, Singapore Telecom remains 85% government-owned. In contrast with telecommunications departments in several countries that are privatised to liberate the government of an unproductive, futile organisation, TAS built an operating surplus during the 1980s. Moreover, the market for basic telephone services, which rose at 41 per hundred in 1993, was more or less overloaded. Hence, Singapore Telecom was privatised initially

as a means to grant the company with new areas for business possibilities in worldwide markets that it was unable to access as a government department (Smith & Staple, 1994).

ICT

The Internet in Singapore started in 1991 with the first connection between the National University of Singapore (NUS) and Princeton University in the U.S. Singapore's first ISP, Technet, embarked on operations at that time from the Computer Centre at NUS, with monetary assistance from the National Science and Technology Board. Primitively, Technet's authorisation was to build up a national R&D network. Within two years after commencing operations, almost every key R&D facility and tertiary educational institution in the country was linked to Technet. In June of 1994, Technet's approval was further developed to comprise the educational sector, with a project to broaden Internet connectivity to Singapore's secondary schools.

In addition, throughout 1994, SingNet, was founded as a subsidiary of Singapore Telecom and started providing Internet services to the business sector. Even though both Technet and SingNet were government-owned, it was apparent at the time that the Internet in Singapore had entered a more competitive stage because some price competition began to occur. Although Technet was formally an authority in R&D areas only, the frontier between this and the repose of the commercial sector was never evident. Additionally, Singapore Telecom lobbied for a greater role in IT-2000, primarily a joint project between

the National Computer Board and the National Science and Technology Board, for which the Internet will play a pivotal role.

In late 1995, Technet was privatised and offered directly to a consortium of companies by Sembawang Media, a subsidiary of Sembawang Corporation (a GLC entangled with the transport industry). The new firm was called Pacific Internet. TAS awarded a third ISP license in September of 1995. The new company, Cyberway, introduced operations in March of 1996 and planned to accomplish a subscriber backbone of about 20,000 by the end of 1996. Cyberway is jointly owned by Singapore Press Holdings (55%), a GLC that possesses Singapore's newspapers, and Singapore Technologies Telecommunications (45%), a branch of the highly diversified GLC, Singapore Technologies.

In March of 1996, there were an estimated 100,000 Internet subscribers in Singapore, or a penetration rate of 3%. In July of 1996, the Singapore Broadcast Authority (SBA) publicised rules on how it would oversee Internet content in Singapore: all operators must enrol with the government (containing cyber-cafes), and owners of Web pages with political or religious information must also enlist. Proxy servers were located by the three ISPs in Singapore, which were able to bar access to some Web sites. A distinct SBA unit was also created to observe Internet activity in Singapore. Notwithstanding these endeavours, SBA officials promptly accepted that the Internet would be impractical to entirely control. Most onlookers believe this as an action that will delay Internet growth in Singapore.

In 1993, the government introduced its third and most committed computerisation policy, IT-2000, whose goal was to offer broadband communications to the whole country during the first decade of the upcoming century. The IT-2000 policy contained players from a wide range of Singaporean organisations, including the National Computer Board and eventually, Singapore Telecom. Hence, in spite of the latest regulatory pressures set on Internet expansion in Singapore, such as its size and large number of allied companies, the government could still generate instantaneous development of the Internet by reassuring or instructing government organisations and government-connected corporations to employ it.

The Singaporean Internet was established as a monopoly market. The government has no competing economic attentions, and monopoly markets are able to maximise profits, which benefits the major stakeholder. This circumstance will change somewhat soon, but the precise level of competition that will exist is not yet evident.

Market configuration and stakeholder's goals

In Malaysia, most telecommunications organisations were formed to be Malay-owned. This aligned with the concept that the Malaysian government employed its political authority as a means to make sure that almost all participation in the telecommunications services market originated from Malay-owned companies. Despite this ethnic uneasiness on market entrance, telecommunications markets in Malaysia are cutthroat, at least to the extent that competition is sanctioned between trusted competitors.

The Malaysian government upturned its settlement to impel the vindication of telecom eight months after proclaiming the policy because of aggressive lobbying by telecommunications companies. This reveals that stakeholders can have a major influence in the policy-making process and can alter the orchestration of government policy. The process by which this occurs, however, is under speculation.

In Singapore, the privatisation procedure and the introduction of new markets for telecommunications services has to reconcile itself with the deep-rooted government policy of State capitalism. Thus far, all companies operating in the telecommunications sector have been government-attached firms. Three of the four Singaporean markets, cellular telephony, paging, and EDI, were designed to be monopolies operated by government-owned firms. Additionally, although newcomers were authorised into the Singaporean cellular telephony and paging markets in 1997, the companies that penetrated these markets were still government-joined.

Therefore, new and continuous transformation in market structure notwithstanding, in both the Malaysian and Singaporean markets there is evidence for the notion that the goals of the most influential actors in the policy-making process are a main factor for comprehending how national telecom markets are shaped, as well as the ownership schemes in those markets.

Although the heterogeneous political economies of Malaysia and Singapore have different market formations, both countries have had comparatively high penetration rates and

growth rates in the exploit of modern technology. Concerning the Internet, politics appears to have retarded the degree of expansion in both countries because the amount of accessible information available through the Internet is in disaccord with national information policy goals. However, these contrasting goals have been settled rapidly, as both countries have determined national telecom schedules, the achievement of which is contingent upon swift local Internet advancement.

Philippines

The assertive, historically lethargic, and privately-owned telecommunications provider in the Philippines, the Philippines Long Distance Telephone Company (PLDT), has acted as an example in many debates. Most writers observe that the industry framework historically approaches that of the United States. But its real performance is that of an exploitative arm surviving in an equally aggressive political context. PLDT is also accustomed to display the case of how private industry, particularly when foreign-dominated, is risky (Wolf & Sussman, 1995) and even private provision or competition does not succeed (Esfahani, 1996). The judgement below coincides mostly with the latter in presenting how PLDT did not convey under the predatory and erratic institutional environment until the late 1980s, and how the speed of telecommunications growth increased in the country in the 1990s when a smattering of institutionalised rule-making and steadfastness emerged.

The 2.12 percent growth rate of mainlines before 1990 in contrast to high double-digit growth rates after that is just one example of this. The political-economic background of the Philippines is an outcome of centuries of colonial rule[32]. The colonial rule established an executive power as the most important aspect of a tiny but very competitive upper class. The elite groups prevailed over the political scenario and obtained all the rent-seeking benefits.

Ownership of industry, including telecommunications, was generally private (Esfahani, 1996). The superiority of the executive branch, approaching its peak under President Marcos's martial law years (1972-86), marginalised the significance of the legislature and the judiciary, both of which were arranged in imitation of the U.S. but acted inconsistently due to the historical-societal context. Centralisation of jurisdiction, often inspired by the U.S., was also compulsory and resulted in bickering between ethnic and social groups.

Telecommunications arrived in Manila in 1905 and the PLDT was established in 1928 after acquiring a 50-year franchise. PLDT's majority ownership transferred into GTE controls in 1956, which remained presiding shareholder until the late 1970s. The period of 1956-90 characterised prejudicial growth rates for two reasons. First, PLDT fulfilled the wishes of the elite, domestic and foreign, and restricted itself mostly to Manila. In 1987, one year after Marcos was unseated, the teledensity for the country was 1.31 but that of Metro Manila was 7.37, causing a teledensity of 0.31 for the remaining part of the country (Aquino, 1994).

[32] First by the Spanish for three centuries, followed by the U.S. for over a half century.

During the 1970s, the PLDT was able to fulfil requests for telephones. Actually, PLDT reduced the waiting list for mainlines from 60 percent of total service down to about 12 percent in 1974. This was not surprising because even with superior growth rates, the demand stemmed only from the elite. Second, PLDT sponsorship depended on exempt rule-making that which guaranteed it prosperity during periods of political permanence and made it reluctant to venture during political anarchy[33]. With its link to power, the PLDT was also able to maintain compelling competition. Hence, the department of Transport and Communication (DOTC) and the National Telecommunications Commission (NTC), founded in 1979 to give policy instruction and regulatory oversight, were both capably attracted by PLDT instead.

After Marcos, President Cory Aquino declared a new constitution directed towards re-democratisation but the high-ranking families, including the Cojuangco family, dominated the PLDT. The family undermined regulatory supervision by, for example, substituting the anti-PLDT secretary of transport and communications with one sympathetic to PLDT interests (Wolf & Sussman, 1995). This hampered State policies in areas that would have disturbed its interest inimically. It stilted competition with interconnection gridlocks and resulted in injunctions against authorisation sales to competitors. Consequently, despite the fact that there had been more than 60 licensed operators in telecommunications in the 1980s, PLDT held 94 percent of the market share.

[33] In the period from the late 1970s onwards when Marcos' health and political fortunes became suspected.

With the development of middle-income and worker groups in the Philippines and the political uneasiness subsequent to the Marcos and the Aquino governments, the demand for a more reactive political-economic shape was reinforced. While the Ramos's direction also answered to the ruling elite, it did approve a vital deregulatory legislation in 1993 in such a way as to bolster the regulations in telecommunications. The two most salient developments were imperative interconnection and licensing of private providers with pledges that the cellular providers would station 400,000 mainlines and that international portal operators would locate 300,000 mainlines within five years. By 2000, the PLDT encountered efficient competition from Globe Telecom in both terrestrial and cellular telephony and Bayan Tel in cellular telephony. The variation in growth rates between the years 1985-90, 1990-95, and 1995-98 is peculiarly extraordinary.

A teledensity of 18 in the Philippines is predicted by 2015. The freshly licensed operators themselves incorporate elite family groups affiliated with powerful telcos from overseas. For example, Globe covers 28 percent of shares each from SingTel and Deutsche Telekom. The success indicators oppose the cost and revenues ones, but that may be caused by the reduction in cross-subsidies and political rents. As a matter of fact, service costs, remarkably for international calls, reached quite high and were designed to subsidise domestic telephony. The NTC had enthusiastically inspected the new providers for mainlines but it was frustrated in imposing interconnection and pricing regulations.

The Philippines' institutional backdrop was fragile and susceptible to public concern. Given the events of the 1990s, the Philippines' inquest may exemplify the breakdown of

markets in a corrupted political environment before the 1990s than any intrinsic drawbacks of markets themselves.

The Philippines is comparable to Malaysia and India in terms of the ineptness of the State to surpass dominant (elite) loads, but the case of the Philippines is informative in another sense. Unlike Malaysia and India, the Philippines does not emphasise broad-based improvement alliances, although middle-class forces, especially in urban territories, were quite fierce in the 1990s. During the 1980s, private providers and liberalisation became more popular, and this change was buttressed in the 1990s as seen by the growth in infrastructure and worker output from 1990 to 1998.

Influence of World System Developments in these Countries

Synergy or collaboration is more comfortable for privileged groups in communities with small numbers and is more complex for larger groups with fewer resources. It is in this sense that most distinguished reorganised partnerships in Asian countries have an elite essence, basically including crucial business users, supplies manufacturers, international organisations like the World Bank and WTO, and foreign governments. However, while it may be troublesome for some groups to constitute alliances, it is easier for others because of their economic strategies. Not only is reform partly an outcome of the interaction among alliances, but it becomes even more entangled when there are not one or two but various mergers.

2.3 Domestic Determinants

As a result of their world system's emphasis on criticising the modernisation paradigm, which heavily relies on the inequality of global power relations, the dependency and world systems perspectives have been accused of overlooking the internal factors – the role of domestic actors and the internal class and political dynamics – that control telecommunications policy-making. For example, the problems of partiality in the class-based system, bribery, and governmental mistakes in implementing developmental agendas are held to be neglected (Singhal & Sthapitanonda, 1996).

Archibugi and Pietrobelli (2003) advise that the globalisation of technology provides new possibilities for progress, but that they are by no means available without intentional attempt to absorb modernisation through endogenous learning.

It is widely recognised that companies in underdeveloped countries should conform to the 'high road of competition,' in terms of invention and technological transformation (Kesidou, 2007). Without any doubt, the welfare of high-tech industries has been marked by government involvement. Grounding a roaring high-tech sector in a developing area is not simple, and certain problems are bound to be confronted (Lall, 1996). Many deterrents to economic expansion and development for companies in developing nations arise from factors in the community or nationwide sphere. First, is the absence of a well-performing financial market and the subsequent hardship in getting money and supplies. Second is the fragile institutional context that does not promote the advancement of a national system of

invention or the improvement of methodical discernment and technological practices. Third are the insufficient motives for innovation and entrepreneurship acknowledged by the State to firms connected with a dearth of educated users or applicators who call for advanced technology and products. In the end, and above all else, is the deficiency of collective public and private speculations in formal R&D (Kesidou, 2007).

Moreover, an underlying supposition from these perspectives is that 'the relationship between the First and the Third Worlds is linear, which caused a failure to investigate the differences in political systems and customs across nations' (Fejes, 1986, cited in Lamnadi, 1999: 16).

My thesis argues that although world factors play a part in Thai telecommunications reaching international norms and policies, the country's politics and institutional policies seem to determine the level of success.

Thailand Social Context

Thailand can claim a well-established and functional administrative system throughout much of her present territory even before the advent of western powers in the region. This historical foundation provides legitimacy and stability to contemporary Thailand. The monarchy is both an institution and a tradition that has long dominated Thai public life and

imagination. It is a unifying symbol for all Thai people and combined with a stable bureaucracy, Thailand has withstood the pressure of politics and remained resilient in the face of constant intra-elite rivalries, even in modern times. The importance of the monarchy is indispensable to understanding Thai society. It is, therefore, necessary to appreciate the monarchy both in its physical layout and philosophical meaning. The kingdom was typically organised in concentric rings with the palace situated at the centre. The direct power of the king diminished with distance, and outlying provinces were organised like petty kingdoms under appointed governors or, at great distances, under hereditary lords (Vella, 1955). Thai kingship is based on the philosophical view of the *devaraja* or god-king of the Hindu and Buddhist traditions. This view holds that the cosmos is a single moral universe in which all elements are related. At the centre of the cosmos is the dwelling place of gods, the holy mountain Meru. The holy mountain is surrounded by oceans and continents. Men live in one of these continents. The resident gods of Meru are ranked according to their levels of virtue and power. Drawn from this cosmology is the concept of the State or empire, which symbolises and replicates the great cosmos. The holy mountain and the gods are represented by the capital of the State or empire and the king, respectively. Everyone and everything in the State or empire is related to the cosmos through organised astrological and numerological systems. From this concept of the cosmos and the State emerged the attitude and belief that is common in Asia that persons of high rank are not only more powerful but also better (Wilson, 1964). The legitimacy of the monarchy is also justified under the Hindu-Buddhist law of Phra Thammasat, or the Code of Manu, which provides that the king is the final arbiter of life and property.

An elaborate bureaucratic structure that reflected the social division of pre-modern Thai society also helped maintain the monarchy. Pre-modern Thai social classes were divided into two broad categories, the ruling and non-ruling classes. The ruling class that dominated the bureaucracy was composed of a) members of the royal family who were officials, b) members of the royal family who were not officials, and c) officials of non-royal origin. All carried elaborate titles, exercised authority, and enjoyed privileges according to their ranks.

A council of Ministers, consisting of two ministers serving as senior officials and acting as viceroys in the northern and southern parts of the kingdom, as well as four ministers of the palace, the capital, the fields, and the treasury, gave daily advice to the king. These same ministers were also responsible for the general administration of the kingdom. Judges were another group of senior officials of the kingdom who heard appeal cases on behalf of the king. Each of these officials presided over a department that carried out the king's business. Over time, the departments acquired a variety of functions, both civil and military, and tended to take on a definite territorial rather than functional responsibility (Wilson, 1964: 7). The second category of the non-ruling class consisted of either freemen or slaves.

Pre-modern institutions centred on the monarchy and bureaucracy continued to provide stability to contemporary Thai society. Although the 1932 revolution successfully ended the period of royal absolutism and inaugurated the period of a quasi-parliamentary constitutional monarchy, subsequent constitutions (despite of frequent replacements)

reflect consistency with pre-modern institutions. The relationship between the ruling and non-ruling classes in pre-modern Thailand reflects one of the bases of modern Thai patron-client relationships. Thai society was traditionally (and is presently) organised in a hierarchy in which the lower classes have strong obligations to the higher. This patron-client relationship has its foundation on the clique, which Wilson describes as:

> A clique is a small group of persons the organization of which takes its pattern from the fundamental social relations recognised in Thailand-family ties, bureaucratic ties, teacher-student ties. These ties ideally partake of love, loyalty, and respect. The pattern has hierarchical form with the leader at its apex. He must exhibit the qualities which pertain to a person of high status - rank, education, good looks, good manners, articulateness and benevolence. Traditional Thai modes of thought, which link success and moral goodness together, reinforce and support the binding ties of the clique. The degrees of stability and strength of the ties which bind a clique vary a great deal …..[w]here ties between the leader and his followers are in reality ([e.g.], his children or student), they will be stronger and more stable. But those followers whose ties to him are of an opportunistic kind—and the larger and more successful a clique is the more of these there will be—will soon depart (Wilson, 1964: 43).

Thai social interaction may be understood in terms of the *khuna* (moral goodness) and *decha* (amoral power). These are two basic dimensions that define Thai perception of and behaviour in the inner and outer worlds. Both dimensions are characterised by hierarchical relationships, often based on wisdom, leadership, benevolence, and relative age. The public sphere of non-intimate distant persons belongs to the *decha* dimension, whereas near persons, home, family, and community belong to the *khuna* dimension. The relationships in the *khuna* dimension are characterised by consideration (*krengjai*), a feeling of mutual understanding (*khwam khao-kan-dai*) and cordial relaxation (*khwam pen kan-eng*), while the opposite describes the relationship in the *decha* dimension.

Mulder (2000: 61) noted that

> [t]oward distant persons [in decha dimension] one shows external presentation and invest honour and prestige; among intimate [in khuna dimension] one shows genuine responsibility and invest friendship and kindness. In the outside world one needs to care for one self and fight one's own battles, but the smaller world of trusted intimates cares for its members and functions as a centre of stability…

The hierarchical nature of the relationships found in the two dimensions is reflected in the Thai patron-client relationship and some say that the patronage (*bunkhun*) inspired personal relationships provide stability to Thai society (Titaya, 1976). There also other

major events that occurred both before and after the installation of the constitutional monarchy that have had a profound impact on the development and evolution of Thai culture and institutions. For example, the conclusion of the Bowring Treaty in 1855 did not only open Thailand to foreign trade, it also resulted in the flow of foreign ideas into Thailand as well as awareness of global political developments. As a result, the pressure of institutional reforms was constantly brewing, challenging the feudal order. As expected, institutional reforms exerted pressure on cultural reforms. Nonetheless, these challenges were recognised by King Mongkut. It was through his son, King Chulalongkorn, that resistance to administrative reforms, modernization, and absolute royal control by the feudal elites who exercised considerable control over the kingdom's peripheral regions was broken. It was in King Chulalongkorn's reign that a salaried, Bangkok-appointed bureaucracy was instituted, general education introduced, and a modern communications network built up (Mulder, 2000). These reforms resulted in the abandonment of the corvée system and the emancipation of slaves (Prizzia, 1986).

The early period of Thailand's transition to a constitutional monarchy was characterised by successive military coups and counter coups d'état. Despite this political environment, the country's economic policy and performance remained stable. This is partly explained by the ability of the bureaucracy to be independent from politics so that it remained functional regardless of who won the struggle for political leadership among the military. Moreover, because the struggle was mainly military, Thailand's politics was not divided along ideological lines. In addition, major contending parties recognised the importance of preserving Thai traditions and institutions, especially the monarchy (Warr, 1993). Thus,

the uninterrupted growth had a positive effect on the Thai's cultural disposition; culture and economic performance are linked. For example, David Landes (2000) observed that prior to Thailand's rapid growth, all good young Thais spend years undergoing religious apprenticeship in Buddhist monasteries. This changed when Thailand began to move faster economically. Thus, young Thais today dedicate time to spiritual matters for only a few weeks and then get back to the undeniable, material world.

A portrait of the evolution of Thai culture and institutions (formal and informal) relevant to the understanding of patron-client relationships and rent-seeking in Thailand has been presented. One important insight that may be drawn from the discussion pertains to the apparent similarity of the cultural basis of social relationships. However, formal institutions such as the bureaucracy are observed to have contrasting principle with the evolution. It should be noted that institutions also bear on relationships. Although no conclusive findings could be made at this point, this research indicates that it is important to view culture and institutions as the key drivers of Thailand's policy-making process in the telecommunications industry.

Cultural and Institutional Components

In general, the respective parameters of Thailand can be differentiated in terms of political, economic, and social structures, as well as cultural backgrounds. The link between culture and institution, on the one hand, and economic performance, on the other hand, is hardly

controversial. In fact, after a long break beginning in the 1950s, there has been a resurgence of interest in cultural studies and a renewed emphasis on culture to explain economic development (Harrison, 2000). In contrast, Douglass North's seminal work on institutions and institutional change provides an alternative framework for analysing economic progress (North, 1990).

For the purposes of this research project, this section aims to examine how culture and institution as parameters influence the development of ICT and telecommunications policy in Thailand. Because culture is integral to the development and identity of a society, the decisions made by that society or by individual members are certainly related to their particular cultural values. It is apparent that culture influences individual preference, whereas institutions set out to determine how an individual may act on his preference. As a result, culture and institutions influence individual economic activities. This influence is not only direct but also encompassing because culture affects everyone by virtue of being a member of a social group (e.g., society). It is precisely because of this membership that individual actions and relationships are subject to certain formal and informal institutions. Although this draws culture and institutions closer, it does not mean that one determines the other or vice versa. There are certain institutions whose existence has nothing to do with the culture of the society that adopted it. This is particularly true of some formal institutions, such as laws adopted from other countries (i.e., some former colonies copy the laws of their colonial master). Nonetheless, while these two variables may be treated separately, they are not completely independent from one another (Yoshihara, 2000; Harrison, 2000). In fact, "socially transmitted information [that is] a part of the heritage

called culture as informal constraints to institutional evolution" (North, 1990: 37) was a point made by Douglass North (North, 1990: 37) in discussing the interdependence of these factors.

The interdependence of culture and institutions means that each one influences the other. Let me first examine the influence of culture on institutions. It should be noted that culture has multiple meanings in various disciplines and contexts. Sometimes it is referred to as the 'high culture' of society consisting of its intellectual, musical, artistic, and literary products. Huntington (2000) describes it as 'thick description' and uses it to refer to the entire way of life of a society: its values, practices, symbols, institutions, and human relationships (Huntington, 2000: xv). To understand the influence of culture on institutions, I need to distinguish the broad definitions of culture from its narrow definition, which is what I used in analysing its effect on individual preference. Broad definitions, such as the one quoted by Huntington (2000), indicate that culture influences institutions through human values such as altruism, customs, traditions, and political culture.

As to the influence of institutions on culture, consider free market and controlled economies. The institutional difference between these two types of economies has an impact in moulding the values of their people. For example, Yoshihara (2000) observed that before Korea was divided into South and North, the country had basically the same culture with slight regional variations. But today, South and North Korea have major cultural value differences. Compared to North Koreans, South Koreans are said to be more independent and 'egocentric,' but have a stronger sense of responsibility. These are values

that often develop under a system that allows people to be self-reliant in contrast to values that are developed in controlled economies where the economic and political decisions of the people are subordinate to that of the State. Another example of the influence institutions have on culture may be drawn from the observation of Robert Putnam (1993) on the experience of Italy when it chose to decentralise public policy and administration in the 1970s. He noted that decentralisation promoted a degree of trust, moderation, and compromise in the southern part of Italy after concluding that culture was the root of vast differences between northern and southern Italy (Putnam, 1993).

Perhaps when I begin to look closer into the development and impact of institutions in Thailand, I would be reminded of Douglass North's observation regarding the divergent evolution of the former colonies [34] of Britain and Spain in the New World. North notes that:

> In the former, an institutional framework has evolved that permits the complex impersonal exchange necessary to political stability and to capture the potential economic gains of modern technology. In the latter, personalistic relationships are still key to much of the political and economic exchange. They are a consequence of an evolving institutional framework that produces neither

[34] It cannot be emphasised enough that although Thailand has never been colonized, the influence of western colonisers such as Britain is similar to the influence of a western power to its colony (e.g., the influence of Spain on the Philippines). This observation conforms with Barlow's observation that 'although many parts of Asia were not directly absorbed into colonial empire, if we think of colonialism as a category that can include not just the familiar political regime of the colony but also the regime under which indigenous sovereignty is constrained without being directly infringed, then no part of Asia escaped the influence of the European colonial project' (Barlow, 1993: 224-67).

> political stability nor consistent realization of the potential of modern technology (North, 1990: 117).

Just like in other Asian countries, personal relationships are deeply ingrained in Thai society. Thailand is able to insulate its bureaucracy from personal influence, particularly on matters pertaining to macroeconomics and monetary management. Thai administrative attitudes in these areas are noted to be conservative following that of the British attitude. Thus, at least at the macro level, the Thai people subscribe to rules rather than personal relationships, placing more value on macroeconomic policies.

In summary, culture affects individual behaviour by influencing taste, values, beliefs, and thinking, whereas institutions set the rules as to how individual taste, values, beliefs, or preference should be expressed or acted upon. For example, some cultures encourage accumulation, or the saving and investment of wealth. The manner in which someone could accumulate wealth is, however, subject to institutions as to how such culture-determined objectives may be pursued. Thus, even if someone wants to have an infinite amount of wealth, s/he can only have as much wealth as institutions will allow. Institutions may be formal or informal. Formal institutions are rules or laws promulgated by the government with corresponding penalty for non-compliance. Informal institutions are rules or laws not formally enacted but nevertheless observed by a society or certain groups. Although the government cannot enforce their compliance, nor can it punish anyone for non-compliance, societal or group sanctions are imposed when rules or laws are broken.

A look into the cultural and institutional backgrounds of Thai society will help illuminate its impact on national policy-making as it would allow us to appreciate the basis and nature of their patron-client relationships. It should be stressed that these relationships determine the kind of rights exchanged and the terms of exchange[35]. Because the relationship involves exchange of rights, the distribution of political power between patrons and clients is crucial in determining their relative bargaining power.

Cultural and Institutional Evolution

History offers rich insights into the pattern of cultural and institutional formations, including their evolution and contemporary representations in Thai society. Thailand has never been colonised[36]. The relevance of this is that colonial legacy has been an important explanatory variable, particularly among institutional analysts, in explaining the current State of former colonies. Substantial literature in this area has been produced linking colonial rule and underdevelopment. Colonial rule is also seen as an important variable in explaining the rapid and sustained development of some ex-colonies. This is precisely one of the arguments frequently put forward to explain the impact of Japan's colonial legacy in the rapid development of South Korea and Taiwan[37]. The absence of direct physical control by any colonial power enabled Thailand to preserve her many cultures and

[35] See Khan (1998).

[36] Thailand avoided direct colonial rule but not western influence. For example, many analysts of Thai economic development see the influence of western consultants in the country's macroeconomic conservatism, which contributed to its rapid growth in the 1980s.

[37] See Yoshihara (2000), Booth (1999), World Bank (1993), and Tsurunami (1977).

institutions. Nonetheless, by being surrounded by colonial powers and in some instances directly seeking their technical, managerial, and administrative expertise to modernise her economy, Thailand inevitably generated certain unique cultural and institutional formations. Insights into the impact of cultural and institutional evolution on the policy-making process allow us to understand its constituents as well as to explain the key exerting forces. Colonialism profoundly altered the cultural and institutional patterns of former colonies. However, this process should be understood within the context of the existence of indigenous cultures and institutions. This allows for the appreciation of unique cultural and institutional formations spawned by the contact of different cultures and institutions.

Political Culture and its Process

Political culture has been defined as 'the system of empirical beliefs, expressive symbols and values which defines the situation in which political action takes place' (Pye & Verba, 1965: 513). It is a product of history and part of social culture transmitted through socialisation in the family, peer groups, community, school, religious institutions, and mass media. Thus, the continuity of traditional political culture exerting influence on contemporary society is not surprising and this is particularly true in Thailand. Thai political values may be summed up into four words, namely, king, Buddhism, nation, and democracy. The king, representing the monarchy, symbolises political conservatism. The monarchical institution also serves as the centre of spiritual unity for national and

traditional political institutions (Thinapan & Likhit, 1989). Although the Thai absolute monarchy was ended by a people's revolt in 1932, the bloodless manner in which it was carried out and the preservation of the king and national unity kept the Thais' pride intact and their self-esteem high. Moreover, a sense of satisfaction was also widely shared, particularly among the Thai ruling class, for making the government 'up-to-date' without shaking their positions and disturbing the venerable tradition of good governance. Nonetheless, the political culture of authoritarianism that characterises Thai social culture and is reflected in the patron-client relationship was also transmitted via the process of socialisation[38]. Such culture promoted a kind of political behaviour wherein government officials would seek their interests by serving their superiors first instead of faithfully discharging their duties as public servants. Buddhism symbolises cultural conservatism and unity. It binds the highest and lowest in what is seen as a just and natural scale of status and right (Wilson, 1964: 39). Thai nationalism developed out of the country's long history of diplomatic struggle to maintain independence, not a heroic revolution. Rather, it was through conservatism marked by national stability (Thinapan & Likhit, 1989). Wilson (1964) points out that the success of Thailand in this struggle is due to adaptation to the ways of the imperialist powers and lack of emphasis on the differences. Democracy symbolises a combination of a sense of duty and the end of special legal privileges. It specifically means that a fully elected parliament controlling the government to promote the people's welfare is consistent with the same objective expressed by ancient Thai government.

[38] The background of Thai culture that nurtures authoritarianism can be traced from the monarchy that dominated Thai society for seven centuries before the 1932 revolution. The king is seen as the patriarch or father of the populace just like a father ruling a family. Drawn from this idea, those who are in power are obliged to render the people's assistance. The latter, however, are not allowed self-government nor have control over those in power (Thinapan & Likhit, 1989).

Most Thais have the propensity to exercise absolute power if they are in the position to do so. They have also the same tendency to defer, obey, and submit to those in power, leaving everything to the leader. This value is traced to the pattern of social relationships in Thailand, based on the family unit. Also drawn from this is the nature of Thais to identify themselves with particular groups whose leader is also the patron, usually of higher position in either power or wealth. In the public sphere, both see official positions as private properties. Favouritism and nepotism are likewise pervasive. Although the country has shown variability in its political culture, the pattern and nature of the patron-client relationship that they nurture and support exhibit close similarities. It would be, therefore, interesting to see how such a relationship is carried out and constrained by institutional parameters in pursuit of economic and political objectives. Policies that interest groups, through rent-seekers, attempt to influence are made official through formal institutions. These institutions are basically political creations that guide and regulate social interactions. Their stability, coherence, and effectiveness are partly due to the legitimacy of their creation, of which Thailand historical pasts have some consequence. Legitimacy is derived from traditional myth, the charisma of leadership, cultural identity, values, and ideology, or is induced by consistent effective government performance (Wurfel, 1988).

In Thailand, a written constitution has also been the basis of government authority since the end of the absolute monarchy. To date, a total of sixteen constitutions have been adopted. The present constitution was promulgated on October 11, 1997. The number of constitutions adopted in Thailand reflects the constantly shifting factional dominance in Thai politics. The first Constitution of 1932 was an imposition to the throne ‘introduced

into a political system with a fully developed body of legislation, a powerful structure of government, and vigorous bureaucratic tradition' (Wilson, 1964: 42). As a result, the Constitution received no veneration and its introduction along western lines was only in form. Nevertheless, the government structure that was put in place was deeply rooted in Thai traditions. For example, in its relation to the cabinet and government apparatus the Office of the Prime Minister is considered the successor to the throne's authority. In this respect, Wilson (1964: 44) remarks that:

> …the notion of powerful and non-royal official head of the government is comparable to the Office of Prime Minister in parliamentary regimes in Europe after which it was modelled. In contrast to its model, however, the Prime Minister of Thailand firmly sinks his power into bureaucratic constituencies by means of cliques rather than into popular constituencies by means of parties.

The administration of the affairs of the State is the constitutional duty of the Council of Ministers headed by the Prime Minister and assisted by his cabinet ministers. The Prime Minister is appointed by the King, as are his cabinet ministers on his recommendation. With his control of government ministries and the State apparatus, the Prime Minister's authority as the leader of the clique is formalised. Like the Office of the Prime Minister, the cabinet is deeply rooted in the Thai tradition of government. Wilson (1964) noted that the position and authority vested by law on the cabinet minister fits well into Thai society's tradition of hierarchy of status and concept of proper authority. Thus, high status is

publicly affirmed by the cabinet post, thereby making it desirable. The cabinet is in charge of policy formulation and execution but the exercise of their power for this purpose is sharply restricted not only by the way power is distributed among ministries but also by the nature of the clique itself. Once the ruling clique is in power, the constituents of its members are the bureaucracy itself. Thus, the constituency of a minister is his ministry. Based on tradition, he commands and receives the respect and obedience of his subordinates. In turn, he is obligated to look after them. He fights for the budget of his ministry and his success depends largely on his relative position within the clique. In effect, this arrangement makes the various ministries competitors because of lack of pressure from constituencies outside of the government. In time, however, the business class, who are largely outside the government, assert their power as they accumulate wealth. Presently, they constitute a formidable pressure within and outside the government, radically changing Thailand's political arrangement in the process (Cole et al., 1990; Laothamatas, 1992).

The national assembly is another constitutional creation in Thailand. It is composed of the Senate, with 200 members, and the House of Representatives, with 500 members. Aside from its law-making function, the assembly also serves as a pathway for provincial notables to attain positions of prestige in the capital and to give vent to their regional grievances (Wilson, 1964). This links the provinces to the centre of power in Bangkok. But unlike its cabinet counterpart, the assembly is an anomaly in Thai traditions mainly because the relationship among members and between members and their constituents is, in principle, egalitarian rather than hierarchical. Therefore, while the authority of the

assembly has a constitutional basis, it has a poor foundation for authority as it has no traditional equivalent. Consequently, it has never succeeded at countervailing the extensive power of the cabinet (Wilson, 1964).

2.4 Theoretical Considerations

1st School: Pluralistic

The contrasting community paradigm arose in response to the modernisation paradigm. Surrounded by the growth of the humanistic interpretive and cultural concepts in the social sciences and alert to problems in previous change projects, researchers started to re-examine the role of telecommunications in reform in the mid-1970s. Their views rejected economics-based notions and the notion of universal development. They saw development as a more socially-oriented and more participatory process of social transmutation. Amin and Thrift (1994) demonstrated the basic nature of a group of people in a way that was not economically based. Lately, reliance on institutional concepts has been of interest for a large number of participating players, mainly through the reference to a powerful institutional predominance and through high levels of participation. Hence, an area's appeal is less connected to material sources of wealth and more to a local institutional environment that people live or work in a society that can provide, invite, and create a

knowledge-based effect across the world (Coulson & Ferrario, 2007).

The technology trajectory is connected with the processes of change in the social, economic, and political conditions in non-advanced economies (Avgerou, 2008). The role of telecommunications is seen as more contrasting, domestic, interactive, and participatory, enabling society to improve by considering and building agendas that fill their requirements (Singhal & Sthapitanonda, 1996).

Telecommunications policy decisions in the pluralist perspective are accepted as agreements achieved by competing stakeholders in the process of policy decision making. From this perspective, power relations cease to exist and control often passes to different owners. However, judgement is made by a set of power relationships and a new set of policies replacing the old (Lester & Stewart, 2000). Government is considered one of the players in policy-making whose role is to settle arguments among competing interest groups (Rideout & Mosco, 1997, cited in Lamnadi, 1999: 17).

In spite of the increasing popularity of the pluralist view of policy-making, criticisms exist. Because the view stresses the individual power of a number of forces in a social system, it is less than clear that in developing countries, which often do not function by democratic and participatory rules, some players in the policy process have less access to resources than others.

Moreover, its dependence on market mechanisms and its commercialisation of liberal and democratic concepts has earned the charge that the government establishes a society striving towards perfection (Serveas, 1991, cited in Singhal and Sthapitanonda, 1996: 20) and its applicability to developing nations has been questioned. Kiiski and Pohjola (2002) mention that liberalisation alone does not undertake greater pervasion, except on the condition that it is attended with markdown in the price that people are willing to pay at a particular time.

That said, policy-making in Thailand has generally become a pluralistic process involving hundreds of officials from various government departments. As we will see, the pluralisation extends today to a new class of actors, encompassing both domestic and foreign semi-governmental and non-governmental organisations (NGOs). In the telecommunications sector the State probably remains the key policy-maker, but there many new actors that have started to emerge[39]. Today, consumers, private operators, scholars, and high-level officials are increasingly involved in the policy-making process, even though no formal channels have been established[40].

2nd School: Class Power

The class power school is derived from the German stream of study. Linked with the value of public service, this perspective seeks to combine telecommunications research with

[39] Interview (TOT-003), conducted in Bangkok, 12 January 2006.

[40] Interview (TDRI-001), conducted in Bangkok, 14 January 2006.

various neo-Marxist theoretical practices (Mosco & Reddick, 1997). The class power view invokes the pluralist notion that the State is independently a fair negotiator of diversity in the midst of competing interests (Rideout & Mosco, 1997: 88, cited in Lamnadi, 1999: 21). Class power scholars have challenged the fact that the elites, composed chiefly of capitalists and corporate power and State policy authorities, are in their view the key players and the main driving force in the policy process. Among the strongest critics of corporate power in the telecommunications policy-making process in Western countries are Schiller (1993) and McChesney (1993, 1996, 1997; Herman and McChesney, 1997). They argued that powerful firms are the ones dominating deregulation and privatisation in the telecommunications industries and that those governments are the ones answering to and promoting the demands of powerful private investors.

Free market and capitalism are closely associated with freedom of speech and democracy, which is often demonstrated via free trade. Hence, from this perspective, government officials are seen as partners of corporate interests. The public and other interest groups have no meaningful function in the policy-making process conducted in the capitalist framework. This leads to Schiller (1993) and McChesney's (1993, 1996, 1997) failure to account for the fact that a number of individual national political systems show the State authority maintaining a powerful effect, whereas the influence of capitalist groups is undeveloped; in some countries, decisions are still made at the government level, concurrently with growing bargaining power for business through close connections with key governmental decision-makers. Therefore, members' concerns should concentrate not only on the lists of

infrastructure policies, but also upon the drawing of policies that can be experienced as means of co-production between capable partners (Bekkers, 2007).

As new telecommunications technologies spread with the expansion of the free market worldwide, several scholars have grown more and more critical of the capitalist ideology and its role in public policy-making. Some oppose the government's transfer of responsibility and accountability to the private sector for developing a national information infrastructure, emphasising the indistinct shape of the new information society's success, which is expected to be the effect of policies driven by the market.

In the centre of the disapproval is the widening disparity between the 'information rich' and the 'information poor' and the decline of democratic ideals in spite of rising corporate control (Doctor, 1994; Martin, 1993; McChesney, 1996, 1997; Schaefer, 1995).

McChesney (1996) contended that in this new world order in which capitalism prevails and the notion of public involvement in the policy-making process is mostly limited, the scope of legitimate and publicly acceptable debate has dwindled remarkably as the result of the corporate imprint on the government's public policy-making. Socialist and capitalist States alike are now strenuously pursuing the same policies, to compete better in world markets. McChesney (1996: 104) condemns the U.S. Telecommunications Reform Act of 1996, which fosters deregulation and market competition as 'perhaps one of the most corrupt pieces of legislation in the U.S. history...effectively written by and for business.'

Analyses of the free market system appear to give attention to its intrinsic form, which brings about control of supplies in the hands of the capitalist elites (e.g., large firms) and leaves the masses at a disadvantage. As indicated by Feenberg (1991, cited in Schaefer, 1995) the minority of 'haves,' consisted of those who had obtained knowledge, technical expertise, and access to the new technologies. The 'have-nots,' who make up the majority, have neither knowledge, skills, nor access to utilize the new technologies. Schaefer (1995: 7) argued that as 'the managers and experts run the system in their own interests or those of their capitalist benefactors,' craftsmen and artisans become estranged and less significant workers in the new age.

In the capitalist or democratic system, according to Doctor (1994), the strength of economic and social forces affects access to knowledge and the power associated with belonging. Hence, access to knowledge, which allows the effective manipulation of information, is restricted to those with economic resources. Within this implicitly asymmetric economic structure, Doctor (1994) holds that 'Information Democracy' is having great influence because, as society advances toward the information age, people see the widening gap between the information rich and information poor progressively changing people and endangering cultural heritage and democratic institutions. Doctor (1994: 9) described Information Democracy as 'a socio-political system in which everyone is guaranteed a worthwhile possibility of acquiring profit from access to information resources.' Information Democracy is concerned with the autonomy of individuals. It involves giving people the information tools they require to take part in the decision-making processes that transform their everyday lives.

3rd School: Institutional

From a broader perspective, many scholars argue that the understanding of the policy-making process needs to take into account institutional factors (Noll, 1999b; and Singh, 2000: 887)[41]. In the telecommunications restructurings context, the role of institutions has contrasting effects. Institutions have often caused profound changes and paralysed the process at the same time. For example, State-owned enterprises (SOEs) were deregulated from the regulatory functions in charge of telecommunications as a result of a liberalisation policy promoting competition. Existing institutions proved to be a factor in slowing down the transformation process.

In addition, the country's initial choices (structural as well as normative) have a pervasive effect on subsequent policy choices. It appears that even if subsequent structural changes are made, the initial choices have an enduring impact (Thatcher, 1999). The institutional approach rests on a number of concepts. First, institutions divide power and responsibilities between the organisations of the State. Second, the approach emphasises the uniqueness of institutions both in time and in place[42]. Third, institutionalist arguments emphasise structure with loss to agency[43]. Institutional analysis focuses attention on State actors and structures to explain public policies. It underscores how both formal and informal arrangements shape political interactions and influence the outcome of

[41] Petrazzini (1995: 5) argued that in Less Developing Countries (LDCs), telecommunications reforms and their divergent policy outcomes have clear policy and political underpinnings.

[42] See Thatcher (1999) and Schneider & Tenbücken (2003).

[43] See Finnemore (1996).

government action.

The institutional approach is divided into a number of sub-groups. The bureaucratic politics model postulates that interactions within bureaucracies explain policy-making as much as the intentions of politicians[44]. New institutionalism places the State at the centre of analysis but recognises a variety of influences on policy (e.g., the economy). The approach provides a solid conceptual foundation to examine the determinants of telecommunications policies, and is particularly useful for the study of long-term policy patterns or international comparisons.

Institutions are thought to affect the power of groups, shape the way ideas circulate to influence policy, and influence coordination of public decisions (John, 1998: 57-58). Because they are stabile, institutions are an independent factor affecting political behaviour[45]. Thus, institutional analyses share the proposition that institutions are neither a mere reflection of other forces, nor neutral arenas within which political behaviour, driven by more fundamental factors, occurs. Institutionalists argue that institutions shape policy by affecting the context of negotiation and the power of actors wishing to reform policy-making (March and Olsen, 1989).

[44] See Rhodes and Dunleavy (1995) and Hills & Michalis (2000).

[45] See Hall (1986), Steinmo et al. (1992), and Galperin (2004). The neo-institutional theory is based on the assumption that the likelihood of institutional change increases when the current institutional arrangement is misaligned with the interests of the major groups involved.

A number of scholars have applied an institutional approach to the study of telecommunications policy-making and reforms[46]. For example, at the heart of institutionalist analysis lies the claim that a country's institutions do not adjust rapidly to societal or other contextual and environmental changes, but represent a set of independent variables that influence policy (March & Olsen, 1996). National institutionalist analyses link the characteristics of institutions to the features of national policy-making that they are seeking to explain in terms of continuities and cross-national differences (Thatcher, 1999: 12).

For institutionalists, details of a political system, such as rules and organisations, matter in terms of public policy development. Policies are conceived as the result of incentives operating on political officials and these incentives are the result of interactions between political activities of constituents and political institutions through which these activities must be channelled (Noll, 1986). The approach stresses the characteristics of the formal political system, emphasising the role of different national institutions as key independent variables in the policy-making process. The domestic political system is thus seen as a central element in explaining variations in telecommunications policy outcomes. For example, a closed policy process with a high concentration of power in the State is more likely to succeed in introducing changes in the telecommunications sector than open, decentralised ones (Petrazzini, 1995: 41). It is also argued that the structure of political incentives and political institutions in each country powerfully shape how the country will reallocate the property rights and reorganise the regulation of communications systems

[46] See Braathen (2004).

(Cowhey, 1990; Petrazzini, 1995). Thatcher (1999: 16) argues that 'National institutions are important for the starting point of reform. Policy modifications in a country are related to past circumstances, notably the institutional framework, which influence the actors involved in reform, their aims and ideas, and the distribution of resources and power amongst them.'

In his view, three types of change can be envisaged: a) policies can be altered within a given set of national institutions, b) national institutions themselves can be modified, or c) institutions themselves may influence non-institutional pressure for change. In the first case, exogenous factors can cause existing but previously latent institutions to become active and/or new actors to pursue new goals through existing institutions (Thatcher, 1999: 16-18). Thatcher identified four key institutional features for national patterns of policy-making in telecommunications: a) the organisational position of the network operator, b) the powers of elected politicians, c) financial instruments and rules applicable to public policy in the sector, and d) the existence and powers of an independent regulator (Thatcher, 1999: 309)[47]. Bartle (2001: 3-4) notes that even in sectors where there are powerful trans-national economic and technological pressures, the only way to properly understand the process of reform is to analyse national institutional structures, norms, and decision-making procedures[48].

[47] Thatcher (1999) claims that institutions are an exogenous factor in national policymaking; they influence public policy but policymakers are not able to alter them rapidly.

[48] Institutional theory does not repudiate the context per se, but the primacy attached to it. In the new institutionalism, exogenous forces can provide the stimuli for policy and/or institutional change but the actual response is shaped by institutional factors.

At the very least, a country's institutions provide a framework through which other factors - market, demographic, or technological forces or conflict between interests - must pass in order to influence public policy (Thatcher, 1999: 10). 'Although national institutionalists explanations place a country's institutions at the centre of their explanations, they do not claim institutional determinism. Rather institutions structure decisions' (Thatcher, 1999: 19).

The institutional approach is clearly differentiated from contextual approaches, which emphasise the way order is imposed on political institutions by an external environment. Institutional, by contrast, posits a greater independence for political institutions, which can provide order and influence change over and above exogenous imperatives. At the same time, a stress on national institutions should not underestimate the importance of the nature of the relationship between institutions and exogenous forces. Institutional theory is also challenged by statism, which sees the State as a decision-making entity analytically separate from its constituent parts and pursuing national interests, such as internal and external stability or positive assertion of national power in the international community[49]. In this thesis, the Thai State is not viewed as a single entity, but rather as an aggregation of organisations and institutions, each with its own interests.

One of the key criticisms to institutional approaches is that actors and groups often circumvent institutions in pursuit of their interests. Moreover, social context shapes and

[49] For communications, relevant facts are linkages between the sector and policy, and the purpose of the State (Noll, 1986: 51-52).

mediates formal arrangements. Another limitation is that it tends not to emphasise the distinctiveness of each policy sector; single-sector studies are limited in their ability to assess the relative influence of sector-specific technical and economic forces in the policy process. In his study of telecommunications reform in three European countries, Bartle (2002) found that national institutions have significantly influenced the pace and timing of reform but that they cannot clearly account either for the shift from monopoly to competition, nor for the decisions to liberalise and privatise, nor for the rise of competition-orientated regulation. At the same time, techno-economic forces have provided impetus for reform but cannot sufficiently fill the explanatory gap left by institutions (Bartle, 2002: 21-22). Hills and Michalis (2000: 459) argue that regulatory regimes themselves are variables in bureaucratic and institutional turf wars and in the political process. The second criticism is that the institutional approach works best when comparing policy-making and implementation between nation-States, but is less able to explain policy-making differences between policy sectors and policy change.

Bauer (1999: 17) argued that 'Neoclassical theory and traditional regulatory theory typically relegate technological change, innovation, and institutional and regulatory change to external forces impacting on an industry. In contrary, evolutionary models study the interplay of endogenous forces within the economic system with the environment of economic agents.'

Thus, the most promising avenue is a hybrid approach, combining case study work, diversity-based methods, and traditional quantitative methods using carefully specified

measures for legal and institutional variables (Bauer, 2003: 19). In a way, this study's approach resembles what Dyson and Humpreys (1990) proposed. They argued for a neo-pluralist perspective in which communication policies are viewed by as 'being shaped by highly complex configurations of forces, international and domestic, within which institutional structures and policy networks play a central role'[50].

In the historical-institutionalist tradition, factors such as policy learning, institutional isomorphism[51] (DiMaggio & Powell, 1983), State traditions and structures, political leadership, and the broader institutional context are at the centre of the analysis. In addition, historical institutional scholars stress the role of former or previous institutional arrangements or choices. These institutional arrangements may include, among other things, electoral rules, the relationship amongst the various departments in the government, and the relationship of the government and private actors (Thelen & Steinmo, 1992: 2). A central goal of most historical institutional analysis is to estimate the impact of variations in institutional forms and configurations on a particular outcome or set of outcomes. It is historical because analysts argue that once constructed at a moment in history, institutions typically endure for significant periods of time, influencing political dynamics and associated outcomes in subsequent periods (Liebermann, 2001). Hall and Taylor (1996: 939-942) highlight four features of

[50] Accordingly, attention must focus on such factors as the character of the governmental and administrative systems, the consensus requirements of the party system, electoral pressures, the characteristics of policy networks, the nature of international institutions, and the organisation of markets. One needs to look not just at national political institutions but also at international institutions and sectoral variations (Dyson & Humphreys, 1990).

[51] Organisational structure, which used to arise from the rules of efficiency in the marketplace, now arise from the institutional constraints imposed by the state and the professions. The efforts to achieve rationality with uncertainty and constraint lead to homogeneity of structure.

historical institutional analysis: 1) it has a tendency to conceptualise the relationship between institutions and individual behaviour in broad terms, 2) it emphasises the asymmetries of power associated with the operation and development of institutions[52], 3) it advocates a view of causation that is 'path dependent' since the political forces will be mediated by the contextual features of a given situation inherited from the past, and 4) it is concerned with integrating institutional analysis with the contribution that other kind of factors, such as ideas, can make to political outcomes[53].

The study's purpose in adopting a historical institutional approach is to question just how those factors have affected Thailand's ICT policy-making. Whereas Lovelock and Ure (2000: 10-11) contend that the 'fragmented authority' structure is strategic and that central authority has not been weakened, this thesis argues that the concurrence of the reforms carried out since the early 1990s has dealt a fatal blow to the traditional institutional framework under which Thailand's telecommunications policy-making operated until now.

[52] Historical institutionalists are likely to assume a world in which institutions give some groups or interests disproportionate access to the decision-making process.

[53] It typically seeks to locate institutions in a causal chain that accommodates a role for others factors, notably socio-economic development and the diffusion of ideas in a world that is more complex than that of tastes and institutions often advocated by pure rational choice institutionalists.

2.5 Research in Telecommunications Policy

In comprehending policy changes in the telecommunications industry, it is crucial to understand some essential ideas in the policy process. Some key concepts explained briefly below are significant entry points for understanding recent telecommunications restructurings across the world.

Policy involves different things to different writers. Telecommunications policy, as usually presented in the research, is envisaged as involving many parties over a wide area, as in national-level public policy and as an action or a series of actions by government. Dye (1992: 2-4) described the term public policy as 'what governments do, why they do it and what difference it makes.' Actors in public policy, nonetheless, are not restricted to national governments, but represent a range of multi-layered institutions and social groups.

Because telecommunications has customarily been analysed as a 'strategic' industry, it is compelled to seek private investment as a result of the recent technological revolution, which has made economic activities central. For most countries, telecommunications policy-making has only very recently begun to grow from what was previously governmental domain and now involves more actors from both the public and private sectors.

The recipients of telecommunications policies are now considered to consist of progressively more differentiated groups of stakeholders instead of a senior, joint, and collective public. On

these lines, Anderson (1990: 24; 1994) described public policy ‘a purposive course of action followed by an actor or set of actors in dealing with a problem or matter of concern.’

In most cases, telecommunications policy-making is an answer to questions developing from new situations or recently discovered issues; hence, it relies on the questions being asked because the responses evolve from the perspective of those participating in telecommunications policy-making. Policy is thus described according to the questions that emerge. For example, for McChesney, telecommunications policy makes decisions about the actual controllers and determiners of telecommunications technology.

McChesney described telecommunications policy-making as ‘the process by which society answers’ two sets of questions: ‘Who will control the technology and for what purpose’ and the corollary ‘Who will not control the new technology and what purposes will not be privileged’ (1997: 58).

Because several groups take part in the process of policy-making, particularly under democratic political rules where economic and political power allows rivalry and collective bargaining, the policy process often reflects competition and negotiation. A question with a focus on policy players in telecommunications seems able to show several different interests all aiming to exert influence on a matrix of institutions that together form telecommunications policy (Olufs, 1999: 4).

2.6 Telecommunications Restructuring

Over the past two decades the telecommunications sectors have been transformed globally with different results for developed and developing nations (Urey, 1995). What is dissimilar is the class and merit of the act of finding ways of dealing with problems employed and the amount of resources obtainable in each country (Srinivas & Sutz, 2008). Once unshakable monopolies, State-owned telecommunications entities in many countries have been or are being shifted into competitive industries. Most importantly, there is little doubt that in the 1990s privatisation was spreading on a global scale. Faith in privatisation and private capital as it resumed undid the tendency toward State ownership which started at the turn of the twentieth century in Britain, France, Germany, and other industrialised nations. The pendulum swung from regulated monopolies to competition.

The interventionist philosophy, as well as the concept of natural monopoly, took precedence after the Great Depression in the 1930s, which for many demonstrated globally the imperfections of market ideology. Governments pointed to the weakness of the marketplace to justify State intervention as a way of smoothing the functioning of the national economy and justifying the need for national ownership and operation of telecommunications networks.

More recently, market ideology has regained strength and centrally planned economies have become discredited as a result of government corruption and the ideological influence of the Margaret Thatcher government in Great Britain. This trend has in no small part been

propelled by global economic integration, which has eroded the ability of the State to dictate national policies (Mody & Tsui, 1995).

Tendencies to privatise public utilities began worldwide in the mid-1980s and have since maintained their momentum. According to Trebing (1995: 311), there were at least five significant factors in the commercialisation of the privatisation movement: a) the widespread disenchantment with the performance of the public sector in the public utility industries after World War II; b) the need for foreign capital to expand infrastructure; c) the impact of deploying telecommunications surpluses elsewhere in the national economy, thereby worsening the shortage of capital when the need for capital to expand the telecommunications infrastructure caused many governments to reduce investment in other sectors; d) the tension between steadily expanding telephone and telecommunications systems for various sectors of the economy and the need to keep prices low, a conflict that stretched the public sector beyond its power to provide adequate service; and e) the politicisation of labour in the public utility industries.

These factors were particularly relevant for developing countries in which privatisation had taken shape in terms of transactions, transfers of assets, industry restructuring, and regulatory oversight. In some cases, as in Latin America, while restructuring may or may not have taken place, industries were privatised by replacing public monopolies with private monopolies. In other words, shares of State-owned properties were sold and/or distributed to foreign investors and the general public. In other cases, as in Asia, industries developed by liberalising entry conditions encouraged competition. The regulatory role of the government

in all these changes ranged from non-intervention to the comprehensive oversight of pricing and performance (Trebing, 1995: 310). For example, one explicit conciliation that can be created by States is the initiation of a technology park (Pereira, 2004; Chorev & Anderson, 2007).

In developed and developing countries alike, telecommunications markets increasingly became privatised. In the U.S., where free markets are arguably the most prized, the 1996 Telecommunications Reform Act allowed competition by the regional Bell operating companies (RBOCs) for long-distance calls and by local telephone companies for local calls. In Canada, all telecommunications markets are now open competition. In the United Kingdom, the telephone industry was privatised as early as 1984 and made competitive, triggering the same trend across the European region. By the beginning of 1998, twelve of the fifteen countries in the European Union had opened all their telephone services to competitive entry (Crandall & Waverman, 2000:1).

Much of the impetus for restructuring the telecommunications industry, according to Urey (1995), originates within large firms dominating the industry in industrialised countries. Therefore, restructuring industrialised economies is driven by domestic rather than external forces. Moreover, other specific forces related to the globalisation of the economy, specifically international institutions such as the World Bank and IMF, as well as regional and international trade arrangements such as NAFTA, EU, APEC, and the pivotal WTO, have had a significant impact on the way in which telecommunications industries in most countries are being transformed.

Given the developments occurring in the telecommunications industry as a whole, how do these changes affect the policy process in each country? This question is a difficult one because telecommunications restructuring has taken many forms, privatisation being perhaps the most publicised if not the most frequent. This is the case in Southeast Asia, the area with which this study is concerned. Privatisation, liberalisation, and deregulation policies vary in the region in accordance with the flexibility of each nation's culture and the ability of its political institutions to accommodate structural developments (Jussawalla, 1995; Blasko, 1998).

The Association of Southeast Asian Nations (ASEAN) countries have collectively looked to Japan as a model (Jussawalla, 1995). In the Japanese model, there are two conflicting views on the role of telecommunications in the macro-economy. One, largely held by the Ministry of International Trade and Industry (MITI), views telecommunications as part of the overall electronics industry and therefore believes this sector should be strengthened. The other, held by the Ministry of Posts and Telecommunications, sees telecommunications technologies as a means to achieve social objectives and therefore maintains that they should be publicly sponsored. According to Jussawalla, neither the two-pronged Japanese model nor the free-market-driven American model is applicable to the ASEAN nations. Jussawalla (1995) argued that they are inapplicable due to the uneven economic growth of these nations, the aspirations of policy-makers in pursuing export-oriented development strategies, and the political doctrines of the members of ASEAN.

In March of 1992, Singapore launched IT-2000 - A Vision of an Intelligent Island to expand information networks and provide State-of-the-art technology to Singaporeans (Saga, 1999). Through Singapore Telecommunications and the National Computer Board, both State-owned, Singapore has pursued a completely centralised strategy to deliver the most sophisticated Information and Communication Technology to its citizens and has achieved the status of 'intelligent city' of Southeast Asia. Singapore Telecommunications provides both domestic and international telephone services, including data, fax, paging, cellular phone, and videotext, while the National Computer Board has facilitated the tremendous expansion of computer services in commerce, including computerizing the stock exchange, SIMEX and TRADENET, strengthening Singapore's position as an entry port. Shares of Singapore Telecommunications were offered on the market in 1993 (Jussawalla, 1995: 169).

Malaysia, espousing similarly ambitious policy aspirations to modernise the nation through advanced ICT, opted for both public and private sector operations. Malaysia began its efforts to expand its telecommunications infrastructure in the late 1980s. In 1987, Syarikat Telekom Malaysia (STM) was corporatized with the government retaining 100 percent ownership (Petrazzini, 1997: 147) and in 1991, STM shares were sold on the Kuala Lumpur Stock Exchange (KLSE). The partial privatisation of STM, now called Jabatan Telekom Malaysia (JTM), turned JTM into a profitable business. Through this opening up of the Malaysian telecommunications market, private telecommunications service providers and equipment suppliers were given the chance to compete in the cellular telephone markets as well as in bidding for several large investment contracts (Jussawalla, 1995).

While radical restructuring was taking place in Malaysia and Singapore, backed by well-focused government directives, the experience in Thailand and Indonesia was different. Thailand and Indonesia have pursued efforts to liberalise their telecommunications markets by inviting private sector investments since the late 1980s. Indonesia introduced a revenue-sharing scheme and has undertaken a joint operation scheme (Saga, 1999). Thailand has adopted the build-operate-transfer (BOT) and the build-transfer-operate (BTO) formula in concession contracts into which its two telecommunications operators, the Telephone Organisation of Thailand (TOT) and the Communications Authority of Thailand (CAT), entered with the private sector in several joint ventures to provide basic telephone and cellular services (Blasko, 1998).

Efforts to privatise Thailand's TOT and CAT in the late 1980s and the early 1990s were hampered by political complications. The privatisation plan of the TOT and CAT by the Chatichai administration in 1989 met strong opposition. The diverse interests of different political factions in the government coalition, strong opposition from the TOT and CAT's top managers who had close connections with the military, and opposition from the TOT and CAT's labour union were the main problems.

The privatisation failure was not unique to the TOT and CAT but was also experienced in other State-owned enterprises such as the Energy Generating Authority of Thailand (EGAT). Attempts to privatise EGAT met a similar fate: opposition from the small but strong union and the powerful military, who dominated the boards of directors of most of Thailand's high revenue-generating State enterprises. A local political analyst wrote in 1990 that privatisation

in Thailand was 'simply an economic and political impossibility…as Chatichai [sic] is rapidly discovering, pursuing the programme is tantamount to political suicide' (The Financial Times, 1990, March 26, cited in Petrazzini, 1997: 138). In February of 1991, the Chatichai government was overthrown by a military coup.

Thai Telecommunications Research and Policy Studies

Shortly after the development of its political system from an absolute monarchy to a constitutional monarchy in 1932, Thailand was subjected to a long period of military authoritarian rule until the late 1980s, when it slowly began to move toward democracy under civilian rule within a multi-party parliamentary system. During the military authoritarian regime, Thai telecommunications were largely under government and military control. It should be noted that telecommunications in Thailand were owned by the government and controlled by the military. In periods of acute political upheaval during political coups or stringent authoritarian regimes, telecommunications were used by the government and the military to disseminate information and propaganda.

Thailand saw a rapid expansion of telecommunications networks in the 1990s. This was a direct result of the concession agreement, which allowed private firms to invest and operate jointly with designated State organisations for a duration typically between five and thirty years.

Political developments in the 1990s brought some significant developments in the Thai telecommunications industry. A significant milestone in Thailand's telecommunications history came in 1992, when public participation in the pro-democracy uprising against the military took the form of several new developments. The 1992 political crisis helped to push the government to allow private firms to participate in this sector. This development revealed a new political fact: the government was no longer in a position to exert absolute control over national telecommunications mechanisms.

After the military coup that ousted the first truly elected civilian Chatichai government for 'excessive' corruption, non-governmental organisations, academics, and other social groups expressed their opposition to the military junta and began to call for constitutional amendments. In the early to mid-1990s, following economic liberalisation and the diffusion of new telecommunications technologies, Thailand saw a proliferation of telecommunications, from cable and satellite to fax and portable phones. The same decade also witnessed the introduction and expansion of point-to-point telecommunications networks, such as the telephone, wireless technologies, and the Internet. The changing regulatory atmosphere following the key adjustments in telecommunications technologies led most State enterprises to campaign for restructuring.

Complex new telecommunications systems evolved in this new situation. Nevertheless, despite a seemingly progressive development in the Thai telecommunications industry, what has been missing is a well-defined framework for formulating national policy guidelines. Recent initiatives to liberalise the telecommunications sector advanced without clear policy

directives or appropriate oversight. Several initiatives and regulatory developments were conducted and approved rather haphazardly. The developments by and large resulted from intricate political - corporate workings and were influenced by the personal inclinations of individual government officials rather than by official national policy directives. Siriyuvasak et al. (1996) characterised the Thai electronic ownership and control system as a 'State system' - a dual system owned and controlled in part by the government and in part by commercial enterprises - which served the interests of the owners, not of the public.

With more and more commercial interests being represented in the telecommunications networks, the allocative control began to slip from State agencies into the hands of business entrepreneurs. As a result, in the telecommunications duopoly of the State and private concessionaires, Thai telecommunications became little more than profit-making machines for the private interests and propaganda machines for the State.

Due to these problems in the so-called State system of Thai telecommunications, a new system was formed that allowed more public participation in a telecommunications environment conducive to democratic development. The results suggested that the State-controlled ownership could gradually be transformed into public participation through the privatisation of the telecommunications industry.

From a larger sectoral and national economic perspective, the privatisation of State-owned enterprises became an answer to State control in the 1990s. By minimising State control through increasing private participation, Thailand forced the enterprises to be responsive to

the public, which increased its engagement in public utilities. In the telecommunications sector, privatisation was considered after the late 1980s. However, apart from a few major research institutes and policy agencies such as the Thailand Development Research Institute (TDRI) and the Bank of Thailand, which conduct studies on the national policy level rather than the sectoral policy level, enterprises were not privatised until the political crisis of 1992.

The almost undivided attention of Thai telecommunications scholars to the issue of external and internal factors can be explained partially by Thailand's telecommunications history as discussed above and partially by the fact that telecommunications has recently been seen as significant to the nation's social and economic development. The evolution of Information and Communication Technology's policy in the restructuring of the telecommunications industry is a new phenomenon and has yet to create a strong impact on Thai telecommunications research, although a comprehensive study concerning Thai telecommunications was conducted by a Thai scholar, Sakkarrin Niyomsilpa (2000). Niyomsilpa analysed power relations among telecommunications stakeholders during the late 1980s and the 1990s and demonstrated the transformation of power relations over time.

The following section explores the political model of the policy process and the conceptual framework of State characteristics that this study adopts.

2.7 Policy Models

For theoretical analysis, I employed a policy model called the 'Political Model of the Policy Process' adapted by Olufs (1999) from the original Kingdon (1995) policy model. A conceptual framework, called 'Factors Determining Telecommunications Restructuring', developed by Singh (1999), was used to supplement the Kingdon (1995) model. A concept of the State decision-making characteristics by Singh (1999) was also applied in investigating the role of State in the policy process.

2.8 A Garbage Can Model

The Garbage Can Model, first proposed by March and Olsen (1979: 41), is designed to explain an organisation's decisions. This model establishes the limited use of the rational principle. The organisation decision in the Garbage Can Model reflects social and personal interests rather than adhering to decision-making tools[54]. Cohen, March, and Olsen's (1972: 1-25) Garbage Can Model of organisational decision-making is built on how an organisation that lives in a complex environment survives, and how to clarify an ambiguous solution for a short period effect. A country's unstable condition engenders risk to the society and economy. This leaves the organisations unable to maintain or identify processes or steps to reach their goals (Brown & Brudney, 2001). Moreover, conflict among the organisation's members

[54] Information about the issues of analysing problems and offering alternative choices (Gortner et al., 1997).

brings about the withdrawal of participants in the final decision-making process.

Elements of the decision-making process involve identifying problems, finding the best solutions, and selecting particular choices. It is important to note that the decision-making process does not need to proceed in a linear fashion. In most democratic societies, the process of policy-making decisions is likely to begin by identifying problems, seeking alternative resolutions to issues, and selecting various choices. However, the sequence of formulating a new policy in some countries might result in a chaotic decision-making process in which solutions and issues are discarded by participants, and they meet again under new circumstances.

An organisation defined as a chaotic organisation (Organised Anarchy) has accumulated solutions to issues and has looked for potentially disadvantageous situations before making key decisions. Sometimes decision-makers may create their own meanings and search for possible solutions to problems, focusing on tasks they want to do (Cohen, March, & Olsen, 1972: 1-25). A Garbage Can Model (March & Olsen, 1979) combined with Kingdon's (1995) theory of decision-making processes in political institutions is referred to as 'a window of opportunity.' This window of opportunity opens when social and political streams converge to create a new policy. It guides the study's framework for the analysis of policy-making in telecommunications.

The analytical framework employed in this research attempts to focus specifically on the relationship of key drivers in the evolution of the public policy-making process. Key drivers

consist of social and political streams that advance the policy decision, and may be considered as being in the problem, policy, or political stream. I conclude that the development in telecommunications and ICT policy-making process of State enterprises in Thailand can be explained through the Garbage Can Model in the political institutional framework of Kingdon (1995).

The telecommunications policy process has involved several groups and aspects. The decision regarding State policy is not simply determined by the supervising officials at the Ministry or Board of Directors and the management of State enterprises. Most likely, policy reflects ideas of stakeholders and private firm interests.

2.9 Kingdon's (1995) Political Model of Policy Process

For the purposes of this paper, policy is best considered a process or a series or pattern of activities or decisions that are designed to remedy some problem (Lester & Stewart, 2000). Public policy has special features; it is 'formulated, implemented and evaluated by authorities in a political system' and is always subject to development on the basis of new information about its effects (Lester & Stewart, 2000: 4). The policy development process is often complex and not always easy to identify. More often than not, policy activities are not readily apparent to those outside the specific policy circle; pieces of legislation are passed quietly or acts of implementation are not known to the public until they have either

succeeded or failed. Nonetheless, policy-making can be described, if simplistically, as a conveyor belt in which issues are first recognised as a problem, alternative courses of action are re-examined and policies are adopted, implemented by agency personnel, evaluated, developed, and finally enacted on the basis of their success (actual or perceived) or lack thereof (Lester & Stewart, 2000: 5).

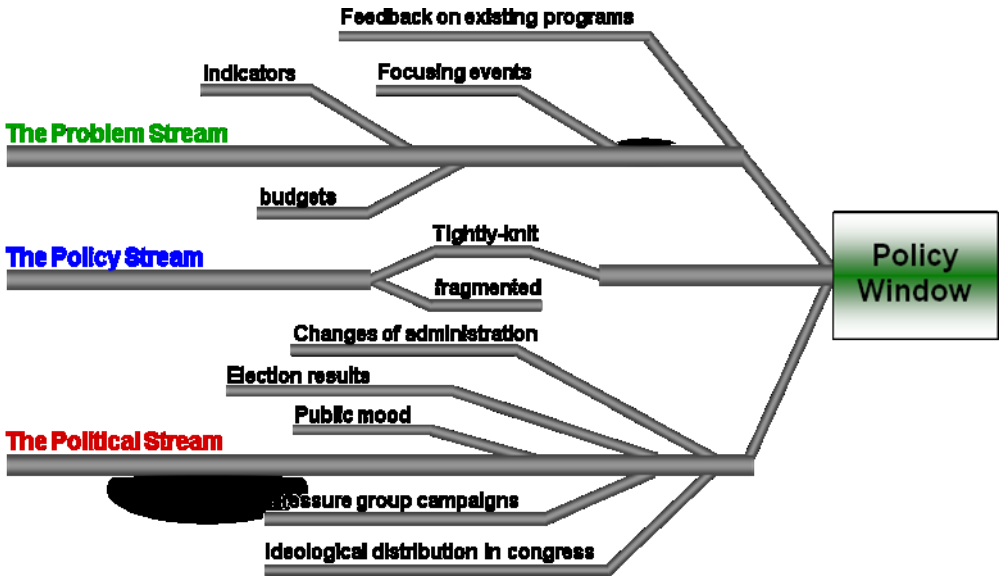
The policy process is political by nature and in an open political system, often involves a wide variety of political actors such as government institutions at the local and national levels, societal agencies, business organisations, and the general public. In fact, the policy process engages not only institutions and human agencies, but also events that can and often do influence the way in which policies are introduced, formulated, contested, and developed. This applies particularly to ICT policy, which is often complex and may require much time and several generations of players. Information and Communications Technology policy study therefore requires a model that lends itself to historical analysis, in that it embraces developments over considerable time in terms of officials, organisations, ideas, and decisions (Olufs, 1999).

Kingdon (1995) developed a model that directly addresses these complexities by describing policy-making as a series of processes, and by providing an overarching method whereby different policy forces can be examined and scrutinised simultaneously. Using a variant of the Garbage Can Model, Kingdon (1995) described the ripening of an idea - how an idea becomes a policy. According to Kingdon (1995), policy is not the product of a clear or rational process, but, like a rubbish can, is a container of several separate products and

processes thrown in together. In the rubbish can, the different processes mix and interact and in rare instances create a usable product. The different products thrown in the garbage can are analogous to the ideas that enter the policy process; they are of varied types and come from many different sources. In the policy process, as with rubbish, the processes (containing different streams of ideas and policy actions) converge on a similar idea and in turn mature into a policy.

Figure 2.1 demonstrates the main concepts in Kingdon's (1995) political model of policy process. The model shows how three separate streams, the 'problem stream,' the 'policy stream,' and the 'political stream' develop and converge at the 'policy window.' To put it briefly, the problem stream consists of government officials who deal with indicators of problems, focusing on events and feedback about existing policies, all within the context of budgetary concerns. The policy stream consists of policy specialists, who can be a tightly-knit community focused on a restrictive policy area or a fragmented community sharing the same area of policy interest. The political stream covers a larger public arena, composed of a wide spectrum of societal institutions and events, from the public mood, election results, pressure group campaigns, developments in administration, and ideological distribution in the government (Olufs, 1999).

Figure 2.1 **Kingdon's (1995) Political Model of the Policy Process**



Note. *[Adapted from Agenda, Alternatives and Public Policies, by John W. Kingdon, 1995, Boston: Little Brown, cited in Dick W. Olufs, III, 1999, fig. 1.1: 7.]*

The Kingdon (1995) political model of policy process is highly applicable to a policy study of Thai telecommunications restructurings and Information Communication Technology policy development for three reasons: (1) the model applies to an open political system such as Thailand's, where there are many policy actors; (2) the model allows a historical as well as institutional policy analysis to be made, which is particularly relevant in Thailand's case where a range of events occurred and resulted in major social, ideological, and institutional transformations as policy was formed in the 1990s; and (3) the model is inclusive, in that it provides a broader perspective; it is not limited to human and institutional policy factors

alone, but also allows for the possibilities of other policy factors that have ideological implications for the policy process.

The Kingdon (1995) model emphasises the role of ideas. It successfully depicts how ideas take their place in the policy process in democratic politics through policy actors, grassroots groups whose ideas may influence public officials, mobilisations within the government, and powerful interest groups or government bureaus. This inclusive and historical perspective steers the analysis in this model toward the developments that appear in the early stages of the policy process, showing how ideas and activities in the policy process influence one another or even cross over to other streams and gradually influence them. Because of its focus on the formative stages of the policy process, this model does not attempt to predict future directions for the policy.

The role of ideas is also discussed in another model by Singh (1999). If Kingdon (1995) provided a model oriented toward policy-making in a democratic political system, Singh's (1999) model provides a conceptual framework oriented toward telecommunications policy-making in developing countries, giving special attention to the role of the State in the policy process.

2.10 Singh's (1999) Telecommunications Restructuring Factors and the State Features

'The Political Economy of Telecommunications Restructuring,' section in Singh (1999)'s book of *Leapfrogging Development*, offered two useful concepts for studies of telecommunications restructuring in developing countries. First, he provided an analytical political economy framework for policy factors and their relationship to the process of telecommunications restructuring. Second, he identified three types of State characteristics in regard to decision-making.

Singh (1999) traced the process of telecommunications restructuring within the context of linkages between several environmental factors (economic conditions, technology, and ideas) and institutions such as the State and interest groups. The three environmental variables provide the context for telecommunications restructuring and help explain where the preferences of the State and interest groups originated. In other words, economic conditions and developments in ideas and technology explain the varying reasons why telecommunications should be restructured. The economic conditions factor is described in terms of domestic production structure (State monopoly or other types of services provision) and globalisation.

According to Singh (1999), there are two levels at which ideas may influence the restructuring process in developing countries. First, at the sectoral level, there may be policy emulation or ideational competition leading to the adoption of particular ideas. Second, at a

broader, ideological level, there are ideas or ideologies that guide policy-makers in forming macroeconomic policy; this 'trickles down' to the telecommunications sector. Less frequently, there may also be ideas that gain acceptance among academics or other groups and 'trickle up' to the political leadership. One significant implication of the technological factor is that technological development often challenges the existing regulatory system and creates a new constituency requiring services and equipment. As a result, technological developments bring in new interest groups and user groups.

The interest groups are on two levels: (1) the macro level, or macroeconomic and sectoral, level, such as coalitions of State, capitalist, and interest groups; and (2) the micro or sub-sectoral level, which Singh (1999) refers to as 'user groups' or 'clubs,' (i.e., large and small business users, exporters, urban and rural residential users, government administrations, and social delivery systems such as education and healthcare services). As depicted in Figure 2.2, economic conditions, technology, and ideas 'define the environment in which the politics of clubs, collective action and State decision-making are played out' (Singh, 1999: 12). In answering the questions on the linkage between sectoral and macroeconomic restructurings and the success of the structuring efforts (by the State) within the context outlined above, Singh (1999) made two corollary arguments.

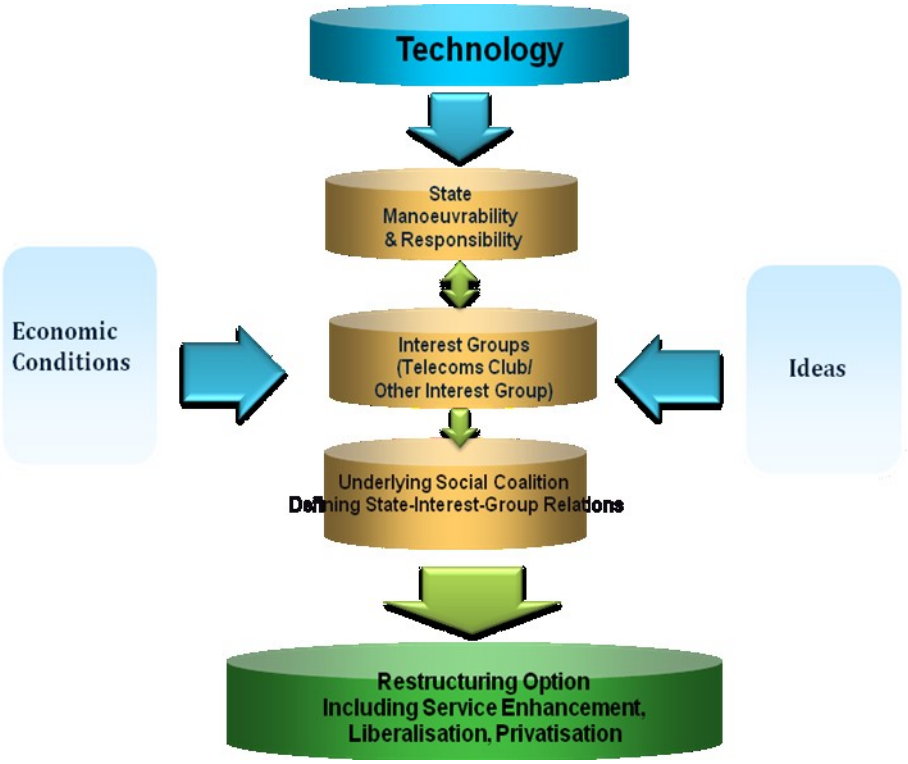
1. The scope, pace, and sequencing of restructuring initiatives in telecommunications is shaped by the following:

1) The access of clubs (or user groups) to the State.

2) Collective action by telecommunications clubs and other sectors at a macro level.

3) Differences in restructuring initiatives in their reliance on State characteristics in decision making.

Figure 2.2 Factors Determining Telecommunications Restructuring



Note. *[From Leapfrogging Development? The Political Economy of Telecommunications Restructuring (fig. 1.1: 13), by Singh, 1999, NY: State University of New York Press.]*

2. Most developing States are 'unable to resolve the myriads of pressures they face for telecommunications restructuring efforts to accelerate or 'leapfrogging[55] development (Singh, 1999: 5).' Instead, they are often characterised as 'dysfunctional' and almost always driven by special interests. 'Micro-heterogeneous and macro-plural pressures on the developing States usually result in piecemeal, slow and capricious restructuring' (Singh, 1999: 4).

According to Singh (1999), developing State behaviours in policy are unpredictable because political institutions in developing countries are generally unique in character and do not have the same highly developed features as those in the advanced nations have. It is also wrong to assume that any particular regime would necessarily adopt a particular development strategy. However, in order to gauge the behaviour or the role of a given developing State in telecommunications restructuring (as applying to service enhancement, liberalisation, and privatisation, as well as the accompanying organisational, regulatory, and policy developments), Singh (1999) identified three types of States (catalytic, dysfunctional, and predatory) based upon two State features: State 'manoeuvrability' and State 'responsibility.' These two State characteristics can explain how State autonomy (the degree to which the State is independent of interest groups or the population as a whole in carrying out its actions) and its development agendas are affected by the State's capacity (its

[55] The term 'leapfrogging' is used in telecommunications literature in three ways: (1) 'to imply that telecommunications can help developing countries skip over the stages of development and become members of a post-industrial society,' (2) as an 'engine of growth,' and (3) 'to signify skipping over the technological frontier or product cycle' (Singh, 1999: 5).

effectiveness in carrying out its actions, which is often dependent upon its financial, human and other resources) and the degree of its legitimacy (Singh, 1999).

Singh (1999) described 'manoeuvrability' as the State's ability to impose its own agenda and shape societal choices, taking into account State capacity and resources and State embeddedness in societal relations. State 'responsibility' is the State's devotion to development within the context of its capacity and the construction of its legitimacy. In the context of its telecommunications industries, Singh (1999) clarified the definition of 'State' by pointing to its multiple roles as a 'policy-maker,' a 'service provider,' and a 'user.' Because the three functions are normally performed by different State agencies with varying clout, explained Singh (1999: 42), 'harmony of interests [within the State] cannot be expected.' Singh (1999) summarised the features of each of the three types of States in telecommunications restructuring as follows:

1. **A catalytic State** (with high degrees of manoeuvrability and responsibility) will not only meet user demands but will also play a dirigiste role in shaping future preferences as a centrally planned economy would, where the government effectively controls and takes part in the production and allocation of resources, in particular, a socialist economy. The future preferences include those of powerful special interests (which, while present in catalytic States, are seldom able to dominate State agendas), resulting in fast, comprehensive, and demand-led restructuring.

2. **A dysfunctional State** (with a low degree of manoeuvrability and varying degrees of responsibility) meets the demands of the user groups that dominate the State, although provision is neither efficient nor optimal (and contingent on the State's effectively arbitrating between coalitional pressures where they conflict).

   Subsidiary argument: A dysfunctional special-interest-driven State with myriad pressures (at club and coalitional levels) is most prevalent in the developing world. This accounts for the slow, piecemeal, elite, or supply-driven nature of telecommunications restructurings in developing countries.

3. **A predatory State** (with a high degree of manoeuvrability and absence of responsibility) seldom meets user demands or takes any developmental initiatives (Singh, 1999: 21-21).

As shown in Table 2.1, Singh (1999) provided examples of each type of State: Singapore and South Korea represent catalytic States, with Mexico and Malaysia considered 'near-catalytic.' Examples of dysfunctional States include Brazil, China, and India during the period of 1967-1995. Myanmar and Congo are examples of predatory States.

2.11 Thai Policy and Institutional Framework

The Thai government's policy is to increase service coverage in telecommunications, especially for fixed lines and internet access, and to bridge the digital divide between the urban and rural areas. Liberalisation of the sector is also an important pillar of development for the sector. The development of telecommunications is guided by a Telecom Master Plan for 2005-2007. The government's strategy focuses on five facets of the telecommunications sector, e-government, e-commerce, e-industry, e-education, and e-society, which will provide a strong foundation for the development of a knowledge-based economy. A series of measures has been introduced to achieve this goal, such as the provision of affordable computers, reduction of internet fees, and expansion of basic telephone services. For example, the hourly charge for broadband internet has decreased to Baht 4 and the minimum monthly charge is Baht 299.

Thailand's Telecommunications & ICT Policy Environment

Telecom was traditionally the corporate province of the Thai military. The domestic incumbent, the Telephone Organisation of Thailand (TOT), was led and staffed by serving and retired army officers, whereas the international services incumbent, the Communications Authority of Thailand (CAT), was dominated by the rival air force. Democracy was restored in Thailand in 1992, leading to the removal of overt military influence on both companies. Successive governments and parliaments from that time

forward have wrangled over the role of the State in the sector. It was not until 12 years later, in 2004, that an independent regulator was appointed with the National Telecommunications Commission (NTC). In the intervening years, a variety of complex regulatory policies, arguably the most complex in the world, helped establish the market context that remains in place today.

The Constitution of 1997 stipulated the establishment of two independent regulating bodies to supervise the telecom and broadcasting sectors. Legislation promulgated in March of 2000 specified that the National Telecommunications Commission (NTC) and National Broadcasting Commission (NBC) be in operation by 2001. It was not until December of 2004 that the seven commissioners of the NTC were actually appointed. NBC was not in operation as of early 2005. Thailand also passed a new telecommunications law, the Telecommunication Business Operation Act (TBOA) of 2001, which repealed the Telephone and Telegraph Acts of 1934 and 1874. Under the TBOA, foreign nations are not allowed to hold more than 25 percent equity in a facilities-based Thai telecommunications operator, and three-fourths of the board of a Thai telecommunications operator are required to be Thai Nationals[56]. The legislation also stipulated the creation of the Ministry of Information and Communications Technology (MICT), which assumed its role 2002. The MICT is responsible for policy planning, whereas the NTC is in charge of day-to-day sector regulations and dispute management.

[56] Briefing paper in relation to the proposed Free Trade Agreement between the U.S. and Thailand, FTA Taskforce, American Chamber of Commerce in Thailand, October 2004.

The chief constraint on telecom reform and liberalisation has been a constitutional mandate that national infrastructure providers be owned by the State. To circumvent this problem short of amending the constitution, Thailand introduced a build-transfer-operate (BTO) model to entice foreign investment without actually taking the plunge to true market ownership reform in 1990. Today, private telecom companies operating in Thailand cannot own physical network assets. Every service provider is instead required to operate under a BTO concession arrangement with the government, sharing its revenue with the State-owned telecom companies. TOT collects revenue from eleven such concessions, which produced about $105 million USD in profit in 2000 (Baht 4 billion). CAT holds ten similar concession contracts. 'Concession Management' has actually become a core competency and standalone profit centre at each of the companies.

As a result of the concessions, and partially private investment structures, fixed lines in operation in Thailand rose rapidly. Thailand had 1.4 million lines before liberalisation, compared to 4.7 million lines once the BTOs were commercialised. The BTOs have improved consumer services, but the playing field is anything but level. Firms pay widely different percentages of revenues to the government for their franchises. Each has a different duration and expiry date, and unique schedule of payments of 'concession and access fees.' Also, the concessionaires pay licensing fees directly to TOT and CAT, (AIS and DTAC) which have become fierce competitors in the cellular market.

The timing and process of converting the concessions has been mooted for years, and has been a popular subject for the opposition in Parliament. With the effective dominance of

Thai Rak Thai in the 2005 election of former Prime Minister Thaksin, and the dampening of strong opposition, the legislative terms of the debate were likely to change. The governments maintained that the commercial parties had to sort out the concession issue for themselves. Not surprisingly, nothing happened. TOT and CAT had no incentive to unilaterally reduce revenue expectations, nor breach the advantageous contractual rights established in the BTOs.

The NTC initially maintained neutrality in the dispute at the time of its launch but, by early 2005, indicated that it would help broker a truce. For the most part, the concessions are considered to be a 'Thai problem,' at least from the perspective of the Thai State enterprises, TOT and CAT. There are, however, important obligations made to the global community to get its house in order. The government's Telecommunications Master Plan developed in November of 1997 commits Thailand to deregulating its telecommunications industry by 2006, in accordance with WTO directives. The WTO requires the replacement of BTOs with independent licensed operators as well as privatisation of the State owned operators. The 2006 milestones had set a clock running. A more pressing trade crucible, however, may have been the Free Trade Agreement with the U.S., which was negotiated in 2005.

It seems a foregone conclusion that material offers will be tendered for each of the concessions. Various options include shortening the concession periods and altering the timing and terms of buyout terms to TOT and CAT. It bears nothing that, under Article 80

of the Constitution, the NTC cannot force TOT and CAT to convert concessions to licenses. By law, the change will have to be voluntary.

An important consideration going forward is the influence that may be exerted by other political forces, notably the Prime Minister's office, which had lately shown a willingness to intervene in market behaviour. A $170 million USD fixed line TOT contract with Siemens was scrapped in early 2005. TOT's board terminated the deal in favour of an electronic auction following public comments to do so by the prime minister, a brazen manoeuvre to achieve a lower price. Such political influence is troublesome to foreign investment.

The NTC's first regulatory move is expected on interconnection. Imposing a cost-based interconnection standard applicable to all operators would require that operators pay for outgoing traffic over the networks of other operators, and remove some of the in-built subsidies of captive licence holders. Interconnection obviously has a direct impact on the concession structure, but it is a regulatory move that addresses a bigger strategic issue - one might say in an indirect, Thai way. TOT would be a big loser in any normalisation of interconnection agreements. It is estimated to earn approximately $200 million USD per year in payments, and such a hit on revenues would impact its valuation in a run up to an IPO. An early step toward ridding the industry of revenue-sharing schemes was introduced in a controversial 2003 telecoms excise tax. Under the excise tax regime, telecoms firms pay part of their revenue to the Ministry of Finance instead of to CAT and TOT. Fixed line operators will pay 2 percent of revenue to the ministry, and mobile operators 10 percent.

In addition to specific action items such as concessions and interconnection, the NTC needs to address the overall issue of transparency and consistency in policy-making. Confusion and uncertainty arose when the Thai Telecommunications Act in 2001 was passed, reducing the foreign ownership ceiling from 49 percent to 25 percent. Under intense pressure from industry the government reversed the decision. Creation of the NTC should be a step toward more open policy-making and dispute arbitration if the NTC is allowed to do its job. The danger is that the NTC could simply replicate the clash of interests that exist within the industry, and that the government will not be able to resist exerting influence.

In the August 2007 national referendum, it was proposed that NTC merge with the National Broadcasting Commission (NBC), another independent regulatory body yet to be established. NTC and NBC shall form a single independent regulatory body called the National Broadcasting and Telecommunications Committee (NBTC), which will regulate the entire telecommunications sector including voice, content, and frequency activities under one umbrella.

Until the NTC was established, TOT was the de facto regulator. It controlled access to network resources such as numbering and interconnection, and even required its BTO partners to seek prior approval of their engineering plans and marketing campaigns. The TOT remains the most powerful incumbent, and restricting it from abusing its market power will be a test of the independence of the NTC. Licensing should pass over entirely to the NTC, including Internet Service Provider (ISP) licenses that have previously been

issued by CAT, as well as assignments of future radio frequency licenses. NTC appointed a consortium of Ericsson Thailand-Baker and McKenzie in early 2005 to be its consultant in drawing up guidelines for writing new telecom licensing rules. The powers of radio spectrum allocation lie with the National Frequency Management Board of the Post & Telecom Department (PTD), which passed to the ICT Ministry in 2002, and are to be assumed by the new NTC along with licensing assignments.

The final step toward full market liberalisation will be the privatisation of TOT and CAT, first proposed in 1992. CAT is expected to be the first to reach a public listing in late 2005, even though it is the less valuable property of the two. Like the formation of an independent regulator, privatisation is an issue steeped in murky political interests. CAT has limited physical assets (primarily last mile data networking) and a significant portion of its cash flow comes from concession agreements. Until the concession issue is resolved, its future cash flow becomes questionable, especially as the traditional IDD revenue mainstay continues to erode.

Both TOT and CAT are labour-intensive employers compared with their BTO partners. The industry is abuzz over speculation about whether TOT and CAT would merge before or after a privatisation. Or, alternatively, if AIS would seek to consolidate TOT's fixed network into its own operations.

Thai Telecommunications & ICT Policy-making

Thailand sees itself as the information technology leader for Southeast Asia. Improving the network infrastructure, especially the extremely low broadband penetration rate, is essential to Thailand's establishment of an ideal environment for applications and services. The government is also pursuing an ambitious agenda of 'e-Society' initiatives. A variety of high-level bodies have been involved with the setting of ICT policy and charting a National ICT Master Plan 2002-2006 [57] that was endorsed in September 2002. Among them are Ministry of Information and Communications Technology (MICT), National Electronics and Computer Technology Centre (NECTEC), National Economics and Social Development Board (NESDB), Ministry of Finance (MOF), Office of the State Audit Commission, State Enterprise Policy Committee, and Ministry of Transport and Communications (MOTC): Office of the Auditor General.

Additionally, a number of independent think tanks and associations are involved, such as the Thai Telecommunications Management Academy, Telecommunications Association of Thailand, Software Industry Promotion Agency (SIPA), Association of Thai Computer Industry (ATCI): Office of the Consumer Protection Board (OCPB), Kasikorn Research Centre (KRC), Thailand Development and Research Institute (TDRI), Chulalongkorn

[57] The government has adopted a nine-point strategy plan aimed at promoting ICT adoption in Thailand: (1) enhancing the quality of life toward a knowledge-based society; (2) promoting equal opportunity for access to ICT: (3) support communications networks that enable Thailand to become a premier Southeast Asia Internet hub; (4) promote and develop the ICT industry, especially through supply chain management and e-commerce; (5) enact the right legal environment to facilitate ICT in support of greater efficiency and competitiveness; (6) promote human resources; (7) R&D; (8) turn the Ministry of ICT into a model showcasing the use of ICT in government and public administration; and (9) accelerate the integration of government databases to facilitate government service delivery and governance.

University's Intellectual Property Institute (CUIPI), National Institute of Development Administration (NIDA), and Foundation for Consumers.

Key Issues

The development of the telecommunications sector is closely linked with national competitiveness. It impacts various facets of sustainable economic development such as energy efficiency, international trade competitiveness, and human resources development. It is also instrumental in national security and the support of democracy through a free press. Despite the pivotal role of the telecommunications sector, there are several issues that need to be addressed in order for the sector to achieve its economic and social objectives.

Broadband access strategy – One of the most important emerging issues is a broadband access strategy for non-urban areas or more comprehensively, the broader broadband wireless access (BWA) strategy. The rural versus urban issue will be an important one with respect to broadband access. Wireless technologies offer the best potential for a cost effective roll-out of broadband in smaller or less dense markets. A strategy for BWA is needed.

Market structure – At a broad level, the market has been functioning fairly well given the consistent and fast growth in mobile services and decreasing prices. However, there are some distortions because of the revenue sharing arrangements and network interconnection arrangements resulting from the concessions. Looking forward, there is potential for problems in the way the market functions because of concentration of ownership in the sector.

Regulatory framework – The NTC has brought much needed regulation to the sector and important benefits to the public. However, its effectiveness has been limited by several factors, and it still needs to address and implement actions on a larger scale. Investment has been discouraged or delayed because of several factors related to uncertainty in the regulatory environment, specifically untimely appointments of commissioners, delays in BWA authorisations, foreign ownership, and proposed legislation to establish a telecommunications and broadcasting regulator in place of the NTC.

Regulation of Thailand's telecommunications sector needs to address a challenging strategic agenda that includes:

1. Regulatory processes that emphasise transparency and public consultation in order to reinforce legitimacy and minimise regulatory risk. The NTC should constantly be subject to public scrutiny. Information on policy decisions and operations should be disclosed to the public.

2. Fair competition and consumer protection in the context of high participation in the sector.

3. Timely deployment of new technologies.

4. Convergence in the sector. In the case of radio spectrum management, the convergence of different radio technologies onto the same spectrum bands, as is the case for mobile and broadband wireless access, argues for an approach to radio spectrum management that is technology neutral.

5. The digital divide between rural and urban access to service. Given substantial success in providing rural access to mobile telephone services, a key emerging issue is rural access to broadband. Given the inherent advantages of radio technologies in providing telecommunications services in low density areas, a strategy for authorising broadband wireless access will be important.

6. Regulation on foreign ownership should be reviewed in order to achieve the appropriate balance between foreign and domestic investments.

TOT's future– TOT Corporation remains 100% State-owned. Its main business is the provision of fixed lines, a mostly stagnant market segment. Its overall ability to cover its operating expenses has become significantly dependent on revenues from its concessionaires. TOT's profitability is at risk. However, it also has one of the most

extensive national networks that can be used to develop broadband infrastructure. How TOT positions itself will play a potentially large role on the development of the sector.

2.12 Basic Assumptions in ICT Policy Analysis

Two processes influenced Thailand's policy-making during most of the 1990s. First, in 1990 Thailand experienced an internal political crossroad, which resulted in profound structural changes. Second, its economic aim of being an economic centre in South East Asia resulted in an increased in manufacturing and development of new technology and infrastructure important for entering the world economy. This deeper integration in the global economic environment[58] should have resulted in the legal and existent alignment of the telecommunications regulatory environment with rules and norms in force in the world telecommunications regime.

Indeed, telecommunications regulation is characterised by technical complexity and uncertainty. This, combined with the fact that governments are anxious to secure the benefits of reforms, make it an area ripe for modelling (Braithwaite, 1994)[59]. Braithwaite and Drahos (2000: 353-355) found that the modelling mechanism has been very important

[58] See Lardy (2002).

[59] Modelling is defined as 'action(s) that constitute a process of displaying, symbolically interpreting and copying conceptions of action (and the process itself). A model is a conception of action that is put on display during such a process of modelling. A model is that which is displayed, symbolically interpreted and copied' (Braithwaite, 1994).

in the spread of regulatory policies for telecommunications, explaining both the diffusion of a regulatory scheme and its maintenance and stability[60].

In reality, Thailand's ICT policy-making and telecommunications reforms that have resulted bear little resemblance to other countries, either developed or developing. In terms of privatisation, the government has maintained a majority ownership in the two telecommunications State operators (TOT and CAT). Competition remains limited and the independence of the regulator is far from being achieved. This thesis argues that the idiosyncratic nature of Thailand's telecommunications reforms and development of the ICT policy-making process must be viewed in the broader institutional environment in which they took place. Henisz et al. (2004: 15) decomposed market-oriented infrastructure reengineering into domestic and international contexts. For them,

> International coercion occurs when powerful actors influence the policy choices of governments directly, or when such actors alter the outcome of a domestic policy struggle by favouring the domestic coalition supporting a given policy. The former concept of 'direct coercion' implies that domestic groups or parties that set policy simply acquiesce to international pressures[61].

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[60] Reciprocal adjustment has proven to be the other major mechanism in the globalisation of telecommunication regulation (Braithwaite & Drahos, 2000: 353-355). For a detailed analysis of coercive pressures, see Ives (2003).

[61] For Henisz et al., 'studies of the adoption of reform should include both the institutional forces emphasised by neo-institutional sociology, and the economic and political forces highlighted by scholars in positive political economy.' Deregulation, privatisation and liberalisation are used as dependent variables. The major weakness of Henisz et al.'s approach lies in the fact that they fail to separate direct coercion by multilateral lenders from the indirect empowerment of domestic political actors to achieve their desired policy outcomes.

This thesis argues that both processes occur in parallel. Internal forces did entail a certain number of concessions in terms of public access and service expansions. But, on the other side, the issues brought by the ongoing reforms of the sector, such as liberalisation, decentralisation, or privatisation had little direct relation to external factors in practice. Through the WTO commitment and IMF agreement to liberalise the telecommunications sector by 2006, the Thai State was attempting to reform the sector in a careful and gradual manner, thus leaving little opportunity to model its telecommunication restructuring programme on international norms. The transitional process was to integrate, or at least accommodate, external pressure from the international organisations. As the Thai government was facing a fiscal crisis in 1997, the abrupt downturn of the Thai economy placed the Thai government in a bad position with which to deal with periods of baht devaluation and the liberalisation conditions imposed by the IMF.

Due to the lack of a consistent regulatory framework and dysfunctional nature of the Thai State[62], this study posits that the driving forces that placed Thailand's telecommunications industry on the liberalisation track came not from outside factors, but from the political will and vested interests of various groups.

[62] Interview (TOT-004), conducted in Bangkok, 3 March 2009.

Basic Assumptions

The framework for the current study was the application of three schools of thought - Pluralism, Class Power, Institutionalism - in Kingdon's (1995) political model of policy process and Singh's (1999) conceptual framework of the factors determining telecommunications restructuring and State types in the decision-making process. A set of basic assumptions about ICT policy-making that are relevant to this case-study follow.

Assumption I: There are multiple policy forces and actors influencing the process of ICT policy-making. These factors are environmental, institutional, and human.

Assumption II: Ideas play an important role in the development of the ICT policy process.

Assumption III: There are relationships among policy actors in the policy-making process; these individuals may or may not share the same interests.

Assumption IV: The State is a multi-faceted entity that serves at least three functions in the context of ICT policy: as policy-maker, as service provider, and as user.

Assumption V: The State's effectiveness in ICT policy-making is affected by its manoeuvrability and responsibility, or its ability to impose its own agenda and shape the social choices and devotion to national development.

Concluding Remarks

As discussed above, this chapter has gone into three main schools of thought - pluralistic, class power, and institutional. These are concepts used in telecommunications policy studies and demonstrate how political economy is relevant to the study of telecommunications policy. I have also provided a background of the Thai telecommunications political economy. It is evident from the analysis provided here that the issue of external and internal factors has been salient in the development of Thai telecommunications policy studies. Amidst the strengthening of parliamentary politics, democratisation, and the rise of civil society, the power relations in Thailand's political sphere are changing, with the impaired influence of the military[63], the rise of business interests in the telecommunications arena, and the forming and shifting of alliances in the midst of elite groups attempting to wield influence on the policy process. Within the context of the fluidity of the internal power structure and the looming external forces of economic liberalisation and globalisation, this study aims to trace key forces affecting the evolution of the Thai ICT policy-making process.

The next chapter discusses the research methodology used to collect data for the current research.

[63] The military was a major player in the telecommunications sector, although its influence faded as the industry expanded and as its wider involvement in politics and government waned (McCargo & Ukrist 2004, 26-27). TOT, for many years, was dominated by the Thai army. The Chatichai government (1998-91) reduced the direct involvement of the military in government, but following the 1991 coup, the new government immediately appointed a general and an air chief marshal as TOT and CAT board chairman respectively (Sakkarin 2000, 150).

CHAPTER III

METHODOLOGY

3.1 Introduction

This chapter gives an account of the research methodology, the purpose and scope of the study, clarifies data gathering and data analysis, and the research quality. The research takes the approach of a qualitative study by using multiple sources of evidence (interviews, the institutional reports and industry's archival sources). When the evidence is abundant, trust can be built in the data obtained and the methods captured. But, more importantly, the data collection has to be accommodated to respond the research questions. This research is a holistic case study which seeks to comprehend the development of policy over time; it focuses on factors influencing the processes of policy-making. The chapter ends with an evaluation of the research quality and a short summary.

The study begins with a description of my pre-research concerns before explaining the choices I have made and the steps I have taken in the research itself. I assume that my beliefs, previous knowledge and skills have an important influence on the way that this study has developed. My desire to learn how technological innovations are applied in a strong political environment and how the role of State dominated the policy-making process when a market

has been attracted to privatisation, is one of the main concerns I will focus on.

Previous Experience

I have been working since 2002 in the telecommunications industry, where I learnt about the exogenous effects on policy for the sector, as well as the increasing deals and debates over the endogenous forces of the country. The sector has long been considered a political platform in Thailand, within which interest groups involved themselves and tried to influence the situation; from 2004, when I embarked upon a PhD, I have been keen to find out more about the political environment and technological market effects which have contributed to the changing policy of the sector. According to the purpose and aims of this thesis, I made my research focus main elements affecting the process of ICT policy within the context of telecommunications restructurings in Thailand, where politics has a massive impact on the policy formulation.

The following section describes the research purpose in tracing the unfolding of developments in Information and Communication Technology policy and telecommunications restructuring in Thailand.

3.2 Research Purpose

Research may be classified according to its purpose. There are three main purposes: the exploration, description and explanation of a phenomenon (Marshall & Rossman, 1999; Zikmund, 2000). Exploratory studies clarify the quality of ambiguous problems while descriptive studies are produced from some already existing information about the research problem; explanation studies aim to describe the clear-cut features of an event in nature or society, especially one that is not fully understood (Marshall & Rossman, 1999; Zikmund, 2000). Furthermore, such studies aim to relate clearly the very important events in a sequence of developments and the meaning of these events.

The purpose of the research in this thesis is to contribute to the knowledge of the role played by key forces in the evolutionary process of policy-making. Hence, the nature of the thesis is mainly descriptive.

3.3 Research Design

A widely accepted, simple and attractive distinction is made between inductive and deductive strategies, where the more obvious or noticeable, deductive strategy, starts from a theory committed to revealing the truth and forms an opinion based on the information or evidence that is available to a certain relevant field. Inductive strategy then starts from precise empirical

findings which are generalised to create new theory (Olkkonen 1993).

This study shows interest in the logic of both the above strategies, as it aims to cover the knowledge on policy formative over time by analysing the evidence obtained from the informants' views on a subject, archival sources, and from the theory of telecommunications policy and literature studies relevant to this field.

Quantitative or Qualitative approach

A further extremely important aspect of a particular topic when deciding how to undertake research is whether the approach should be qualitative or quantitative. The range of different things from which to choose should be developed from the information required, as well as the problem being addressed. These two approaches have advantages and disadvantages and may also be combined in many research studies (Miles & Huberman, 1994).

Denzin and Lincoln (2005) describe how qualitative scholars consider things as belonging to the outside world or the environment in order to understand something which is difficult or which has no clear meaning; they translate phenomena in terms of the preconceptions which people bring to them. Bryman (2001) is also concerned with understanding the contextual factors which have an effect on a particular situation and the way in which it develops social behaviour. According to Miles and Huberman (1994), qualitative research can determine

information about events happening naturally and without being forced or practised, and can also offer strong and reliable descriptions and explanations of processes which take place in a recognisable local context; and the research can also indicate how people respond to processes or milestones in their lives.

Miles and Huberman (1994) claim that a qualitative approach is more attractive when responding to questions such as 'how are….described?' and 'what characterises….?' In contrast quantitative research is more concerned with the act or the process of finding the size, quantity or degree of variables or with analysing and identifying the relationships between them (Denzin & Lincoln, 2005). Quantitative studies also tend to be extremely large, to deal with things handled by a subject, an organisation, activity, etc. and to contain numerous groups, which can allow statistical or general statements based on only a few facts or examples to be made.

Based on the descriptive objective of the study, to comprehend a study topic, I decided on a qualitative approach to understanding the process rather than a quantitative approach or a mixture of the two. Although both qualitative and quantitative approaches can be combined in case research (Eisenhardt, 1989; Stake, 1995), I am more interested in probing deeply into interactive outcomes than in measurements and numbers. Hence, a qualitative inquiry is the most noticeable feature of this research (Stake, 1994).

3.4 Research Strategy

Based on my research purpose and design ranges, I studied the options carefully and tried to discover distinct strategies which this study could employ.

The strategies have distinctive characteristics, but can still be deployed in a descriptive, explanatory and exploratory research purpose. When choosing among the contrasting strategies, I looked carefully at three features: the type of question; the external control which an investigator has over the actual effects of actions or events; and the degree of focus on contemporary, as opposed to historical milestones (Yin, 2003).

The five research questions which I set up in the first chapter of this study are all 'how' and 'what' questions. In Yin's view (2003), historical milestones in the telecommunications industry may also be considered, given that the research questions are asked about historical phenomena.

Qualitative Research Strategy

Bryman (1989) pays careful attention to qualitative research, stating that it is not simply quantitative research without numbers, but symbolises a quite distinct set of beliefs about the way in which organisations and their environment ought to be studied. Qualitative researchers

focus on understanding a complex phenomenon in which two or more things are connected and affect each other and not on cause-effect relationships alone (Stake, 1995). Van Maanen (1983: 9) describes qualitative methods accurately as 'an array of interpretive techniques which seek to describe, decode, translate and otherwise come to terms with the meaning, not the frequency, of certain more or less naturally occurring phenomena in the social world.'

In qualitative research, data are gathered informally beyond the official occasions of their collection (Stake, 1995). Typically, multiple methods of data collection are employed, foremost being direct participant observation, interviews and official papers or books which give information, or can be used as evidence or proof (Stake, 1995; Bryman, 1989; Taylor & Bogdan, 1984). In addition, Yin (1994) recommends the study of archival records and physical artefacts. In this thesis, precedence was settled on the interviewing method, as it best facilitates the understanding of a phenomenon. Yin (1994) has also strongly advised that documents are to be viewed critically, because they do not always present the absolute truth about the subject in question, despite what researchers may assume.

Bryman (1989) also claimed that all social research is subjected to the act of balancing two opposing things. Even when researchers do their hardest to accommodate the research problem by their methods and design, they do not always avoid certain difficulties or disadvantages in the choices made. The problem which makes qualitative research less attractive involves drawbacks in gaining access to the data, as well as the difficulty of analysing overwhelming amounts of data (Bryman, 1989).

Interpretation and subjectivity are essential parts of satisfactory and reliable results in qualitative research, whereas in quantitative research such features typically reflect shortcomings (Stake, 1995). In spite of this fact, if subjectivity is misused, it can risk harming or destroying the validity of the research outcome, this raises the question of how we can make sure that we have interpreted a phenomenon correctly. The ways to overcome the problem of false interpretation, Bryman (1989) concluded, were through a close alignment of the researcher's and the subject's perspective throughout, respondent validation, the researcher's proximity to the subject and methodological triangulation by multiple but independent methods.

Case Study Strategy

Yin (1981) defines the concept of a case study as an empirical inquiry which investigates a contemporary phenomenon within its real-life context when the boundaries between phenomenon and the context are not clearly evident and in which multiple sources of evidence are available.

A case is a definite and complex entity operating within a number of contexts. Holistic case study calls for these complexities to be investigated. A case is also unique in multiple ways, such as its nature, its historical background, the physical canvas and economic, political and legal contexts.

Eisenhardt (1989) suggested the case study approach in order to discover the dynamics present within a single setting. Case studies have a special character in holistic research because, first, they can clarify the relationships between two things, where one causes the other to happen in real life interventions which are too complex to be examined, e.g., by surveys or experimental strategies; second, they describe a real-life situations; and they can, after some study, illustrate and reveal general truths.

On this basis, the case study strategy can be used in various ways to gain information. Case studies are remarkably relevant in the early stages of research on a topic and for providing new insights into a previously researched topic. Other perspectives appear inadequate when little is acknowledged about a phenomenon, with little empirical substantiation and results which conflict with each other and more generally defy common sense (Eisenhardt, 1989).

The aim of the present research is precisely suited to the holistic case study strategy, in which the milestones are beyond the control of the research. The strength of a single case is justified if it is likely that the case meets the conditions to confirm, challenge or extend extant theory. Another reason for a single case design is that the case represents an extreme and unique case, or a revelatory case, referring to a unique opportunity to access the evidence. In addition, case studies can employ an embedded design which contains multiple levels of analysis, consisting of different groups of interviewees at different levels in their organisations/institutions within a single study (Yin, 1994).

Stake (1995) pointed out that the difference between intrinsic and instrumental case studies is that the intrinsic method emphasises knowing a particular case, while the instrumental method is used to answer a research question, solve a general problem or develop a theory. Stake (1994) also said that the selection of cases for the study should maximise what could be learnt from a specific case and not be based on whether the study represents the whole population.

Alasuutari (1994) claimed that if all the readers of a study can recognise the phenomenon and relate it to their own situation, there is no need to generalise the results. Likewise, Stake (1994) argued that, despite their weakness in creating generalisable grand theories, case studies serve to establish limits to existing generalisations and thus refine theory and suggest complexities for further investigation. At the same time, the abundant literature endorses the internal validity and theoretical level of the case study research.

A case study strategy implies a single unit of analysis, such as a company or a grouping of workers, an event, a process or even an individual. It gathers detailed information about the unit of analysis, often over a very long period, with a view to prioritising in-depth knowledge.

Unit of Analysis

A unit of analysis represents the level in the case to which the variables or phenomena under study and the research problem refer and about which data are collected and examined. The

central unit of analysis in this study is the ICT policy-making process in the context of telecommunications restructurings. Therefore, generalisations follow face-to-face interviews. Internal validity is achieved by referring to the various views examined within the policy study.

To ensure the quality of case study research, Yin (1994) proposed the following means: multiple sources of evidence; a case study database; and a chain of evidence referring to explicit connections between the questions asked, the data collected and the conclusions drawn.

Thai's Policy-making Case Study

As the intentions of the policy study grow, it becomes vitally important to examine the unfolding of policy-making process in other developing countries, as has been done in the developed ones. The policy process in Thailand's telecommunications fits into this model since multiple forces determine the extent to which it can be developed. The destiny of the new policy is in the hands of the many groups and depends on whether it conduces to their interest.

This study uses archival data derived from the main State agencies and institutions and interviews from top management and high-ranking State officials. Information and

Communication Technology (ICT) policy in the telecommunications industry is a particularly appropriate context on which the relatively rapid development of technology and the strong institutionalisation of the industry have had significant impact.

3.5 Data Collection

Mindful of Yin's definition of a case study as using multiple sources of evidence, the following methods were identified as data sources: literature review, analysis of documentary sources, and in-depth interviews. The literature review was an on-going and iterative process. A number of search strategies were used, these included: database searches, website searches, Birmingham University library catalogue, and following citation routes from publications. In addition, my own work in the field and personal contacts directed me to particular studies. Discussions with supervisors and attendance at academic seminars yielded further results. With regards to the documentary analysis, a wide range of documentary sources were connected to a case study. Analysis of these documents facilitated the mapping of the organisational and institutional interests influencing the policy agenda in the early stages of the policy process and to track changes in interest group activity as the process unfolded. The documentary analysis was considered alongside the interview data; in order that the thesis conclusion is confirmed.

Population of Interest

The population of interest for this study was drawn from three main constituencies- key policy and regulatory actors in telecommunications and ICT society that consist of- senior government officials in the main State organisations, policy think tanks and outstanding research institute.

The research sought to explore the policy-making process of the case study selected and the events and individuals that were influential in the evolution of the ICT policy. 'Political Elites'[64] in this thesis is defined as those with close proximity to power or policy-making including elected representatives; executive officers of organisations and senior state employees (Lilleker, 2003).

Interviewing this group allows the researcher to illuminate activities that go on behind closed doors or out of public or media gaze but which shape policy processes and outcomes. Hammersley's (1995) assumption that it was possible to gain an understanding of the realities described by respondents influenced the approach of this research. In place respondents were selected through purposive sampling[65] which meant that individuals were identified who were known to have played a role in the ICT policy process; on the other hand, retirees were

[64] We can learn more about the inner workings of the policy process, the machinations between influential actors and how a sequence of events was viewed and responded to do within the political machine (Lilleker, 2003: 208).

[65] Purposive sampling starts with a purpose in mind and the sample is thus selected to include people of interest and exclude those who do not suit the purpose (http://changingminds.org/explanations/research/ sampling/purposive_sampling.htm)

chosen through snowball sampling[66].

Purposive sampling lends the researcher to 'seek out groups, settings and individuals where....the processes studied are most likely to occur' (Denzin & Lincoln, 1994). To strengthen the reliability and validity of the findings, a wide range of insights were sought - 'quality of balance, that is all stakeholders views, perspectives, claims, concerns, and voices should be apparent in the text' (Lincoln & Guba, 2000:180).

Lilleker (2003) contends that when interviewing political elites, the number of interviewees must be of a reasonable size and must be representative of the larger body to add greater depth to the analysis of an event/phenomenon. There was a clear advantage to identifying the telecommunication policy-making and industry reform as the specific case for this study, as the researcher's contacts meant that it was possible to access a broad sample of respondents who were actively engaged in the policy process.

Although being a young researcher, I have an established professional identity in the job position; problems with, for example, making appointments with interviewees were not encountered. However, my power to control the interview timing with two of the high-ranking respondents did raise issues on rushing through the questions which I had to come back the next day for their follow-up answers.

[66] Snowball sampling is a technique for developing a research sample where existing study subjects recruit future subjects from among their acquaintances. This sampling technique is often used in hidden populations which are difficult for researchers to access (http://en.wikipedia.org/wiki/Snowball_sampling).

Having identified potential participants through purposive sampling, respondents were contacted by email or phone, and given an information sheet summarising the aims and objectives of the research study and given a broad indication of the questions that they would be asked. Participants were told that the interview was likely to take a minimum of 60-90 minutes and invited to select a time and place that best suited them. An interview schedule was prepared in advance containing broad topic headings which included the position of the respondent, their involvement in the policy process and reflections on influential events or individuals. However, this was used primarily as a guide as it was important to keep the interviews fluid and retain the ability to alter the line of questioning as necessary or explore an interesting issue raised by the respondent. For example, when interviewing policy-maker hearing individual accounts of particular events that occurred (in the policy stream) was important. Interviewing State officials at TOT may have led the researcher to seek clarification on particular aspects of the policy process. So whilst it was important to prepare an interview schedule in advance based on the key themes that had emerged from documentary sources or observation of meetings, it was necessary to proceed a flexible approach to the interview process.

A total of 65 semi-structured, in-depth interviews were undertaken and a key strength of this study is the range of insights and the balance of views from across the three main constituencies identified as the population of interest for this research. Researchers conducting elite interviewing invariably, encounter access problems. Fortunately, this did not prove to be a problem primarily on account of the researcher's own contacts and networks; only if the key position was vacant such as MICT.

The study also benefited from the participation of five key senior civil servants (T.K., D.C., T.Y., and S.T.)[67] who were actively involved in the policy process of Thai ICT during the reform period, 1997-2001. The study was further strengthened by the participation of representatives from major industrial players in the telecommunications industry. Those people who were highly influential and visible in the policy process of the Thai telecommunication reform.

To summarise, the reliability and validity of the findings are strengthened by the broad range of insights and the balance of views providing a wide cross- section of the three main constituencies identified as the population of interest for this research (Appendix One). All the key people involved in the policy process of telecommunications reform and process of policy-making were interviewed.

Three data collections (2006, 2007-8, 2009) were made during the research period through semi-structured personal in-depth interviews and archival sources. Field studies were made three times between January-May 2006, July 2007- June 2008, and 2009, since new research theme captured and some important information was missing. My research focus at first was aimed at policy and strategic decision of my workplace organisation, Telephone Organisation of Thailand (TOT), within the context of co-evolution. However, after the first and second data collection, the results showed that the TOT's policy and strategy does not fit the key features of co-evolution for 2 reasons:

[67] Interview (NECTEC-064, MOTC-052, TOT-002, TOT-008), conducted in Bangkok, 2006, 2009.

1) The TOT is one of the State agencies, its strategy or policy must comply with the country telecoms regulatory environment. Additionally, its operation is controlled by military and governed by government's budget policy.

2) TOT union power is not intended as a counterbalance between employees and top level management. The organisation's lack of collaboration among employees tends to decrease bargaining and negotiating power with the State. As in the case of overlapping authority with CAT, soon after, the Supreme Court had a verdict that TOT must end its authorising power issuing the Internet license to those ISPs who were not provided by CAT to use the TOT's backbone networks.

Therefore, the TOT policy/ strategic decision seems to fit more on evolutionary perspective (or a linear relationship) than to the model of co-evolution. After the second round of data collection, new results on a process of policy-making at the national level became more distinctive. It is better described in terms of development over time. So, I decided to engage in the evolving process of policy-making at the sector level.

Three data collections were made during the research period through semi-structured personal in-depth interviews and archival sources. Data sources consulted during the data collection are shown in ***Table 3.1***. In order to cover multiple levels of respondents from a variety of areas in the industry, the study employed abundant sources of data. Numerous sources of information were consulted, such as the agencies' annual reports, industry newsletters and newspapers

information from the formal meetings and informal analyses and the Internet (data retrieved from the archival electronic English newspapers).

The use of multiple sources of data enhanced the triangulation, since this research was conducted through historical data and employed contrasting methods. For this reason, the multiple methods of data collection were employed to cross-check the data. In order to use information from these sources, a form of coding was employed to assist the interpretation of the data.

The coding criteria are based on the research questions and four basic assumptions of the study as discussed in Chapter 1 and 2. Data selection pursued three key concepts of the research and its theoretical perspectives.

Secondary data

Due to the nature of the research, large amounts of secondary data were gathered during library research activities. Data from library research included printed and online materials: news reports, research editorials in academic journals, statistical data, official publications and research publications by relevant national and international policy and research institutions. Institutions which were vital sources of data included but were not limited to, the Telephone Organisation of Thailand (TOT), Communication Authority of Thailand (CAT), National

Economic and Social Development Board (NESDB), National Telecommunications Commission (NTC), National Information Technology Committee Secretariat (NITC), National Electronics and Computer Technology Centre of Thailand (NECTEC), Thailand Development Research Institute (TDRI), Bank of Thailand (BOT), and the International Telecommunication Union (ITU).

During data collection, I gathered many of the documents from the libraries of these organisations and institutions. Since the research interest in the subject has an 11-year history, in order to avoid having to retrieve sometimes vague memories from the informants and unintentionally biasing the organisations' reports, I had to carefully connect the internal data sources with these external press reports and other relevant archival documents, in order to broaden the perspective. Reports were saved and compiled in a research database. Furthermore, an electronically searchable database of newspapers and e-publications of historical data was compiled. As the study continued, this was modified and more central material added in order to reflect the progress of the research. The data in the database were also closely monitored and updated as soon as the latest information became available. The result of this data collection is a comprehensive collection relating to policy-making process.

These secondary sources exercised for analysis are significant because they represent the 'paper-trail' left by milestones and processes (Lindlof, 1995: 208) and they predominantly show 'what an organisation produces and how it certifies certain kinds of activities, categorises events or people, codifies procedures [and] policies, instructs a readership, explains past or future actions and tracks its own activities.'

At the world telecommunications level, world press reports were summarised to exhibit technological advancement and present the telecommunications market as a consequence of globalisation. This led to the development of existing ICT policy in relation to the political-economy in Thailand's telecommunications sector.

Moreover, I made use of materials outside the period of study (prior to 1990 and after 2001), which could furnish a historical framework and allow a glimpse into what happened outside my period of study. I later discovered that this information gave a more precise picture of Thai Information and Communication Technology (ICT) policy-making process as being an effect of the disruptive shifts at the level of world telecommunications and national policy.

Primary data

Primary data were collected in Thailand during January to May 2006; July 2007 to June 2008 (second round of interview) and from January to May 2009 (the third round of data collection), by means of 65 individual personal in-depth interviews (The list of interviewees can be reviewed upon request).

The interviews were the principal source of information for the views and perspectives on the many policy interests of relevance and gave a better context for the data gathered from secondary sources. The interview process is explained immediately below.

Interviews

The research is designed to be a longitudinal study of Thailand's telecommunications reforms and Information and Communication Technology (ICT) policy-making process through the perspectives of the industry's main actors and hierarchical State officials. The interviews were conducted to validate the findings and gain additional knowledge of the findings from secondary sources.

Interviewing industrial key informants is a common and efficient method of gathering information for the purpose of learning how the effects of major forces in the formulation of ICT policy.

The interviews were planned to be semi-structured; the same set of questions could be asked in any order. Such interviews make no effort to force the informants in any direction, but seek merely to capture one person's views (Patton, 1980).

In the interviews I asked about the part played by the State in the policy-making process and the interviewee's view on the developments. A distinct set of checklists was adopted for government officials and external interviewees at the industry and organisation level.

The hierarchy of officials, specialists and engineers were chosen according to their experiences and participation in the industry. The criteria were set to meet the interviewees'

memories so that the interviews could reach their objective of capturing the collective memory of the respondents (Rodrigues & Child, 2008).

Constructing the interview questions

Based on standardised ways of thinking up debating techniques from existing, thought-through positions which arose from the global and Thailand-specific literature, a set of interview questions was prepared for interviewees covering the period between 1990 and 2001. In the interviews, this set of questions was used as a 'check list' or a 'topic list,' i.e., a guide to make certain that vital topic areas were covered. Additionally, to the standard 'topic list,' I added open-ended questions according to the area of expertise of each individual interviewee.

The list of topics included questions on the interviewee's:

1) Role and involvement in telecommunications restructurings and Information and Communication Technology (ICT) policy-making process in particular,

2) Perception of rate of growth of the Information and Communication Technology (ICT) in Thailand,

3) Evaluation of the State's role in Thai telecommunications reforms, and Information

and Communication Technology (ICT) policy development and satisfaction,

4) Opinion of the role of the Telephone Organisation of Thailand (TOT),

5) Opinion of the role of the National Electronics and Computer Technology Centre (NECTEC) and National Information Technology Committee (NITC),

6) Knowledge of IT 2000 Plan and views on it,

7) Opinion of projects related to Information and Communication Technology (ICT) initiated or under implementation in the interviewee's organisation or under the interviewee's charge,

8) Opinion of the impact of 1997 economic crash on interviewee's institutions or organisations or projects,

9) Views on WTO commitments and IMF agreements and their impact on institutions, organisational and national plans,

10) Views on the Information and Communication Technology (ICT) policy and social development

Interviewee Criteria

Royal Thai State, telecommunications regulator, hierarchical SOEs officials, and main interest groups in the industry are identified as key players in the Thai telecommunications restructurings and ICT policy-making process, based upon references to their roles. Simply put, these were the players who had 'glimpsed news' and were well-known in the industry and the policy area.

In addition to what has already been said, in identifying possible players beyond these groups, I relied on snowball strategy, by asking primary interviewees to identify other potential respondents who had been or were currently involved in the ICT policy-making process.

The 'snowballed' interviewees were selected on the basis of references and names which arose in the field who were not yet well-known but who might have significance for the research. Therefore, some interviews led to unplanned arrangements.

The informants were mainly selected for interviewing regardless of the number of years they had been working at the organisations or the institutions. Key respondents were based on their status in the agencies, for the reason that top ranking officials, at many Thai State agencies, were mostly involved in the policy decision process. Furthermore, the specification of the informant's number of years does not sound possible at the National Telecommunication Commissions (NTC), National Information Technology Committee Secretariat (NITC),

National Electronics and Computer Technology Centre (NECTEC). Though these institutions were recently founded, many of the NTC commissioners, NECTEC and NITC employees - at the time of interviewing- have played significant roles in the field of telecommunications and IT sector more than 10 years.

Retired respondents were given the consideration due to their years of experience and the positions they had held within the organisations. The list of retired executives also followed the snowballing method, in that each interviewee recommended potential informants who they thought might contribute to the research knowledge. In addition, I asked for a letter from the human resources department of the TOT to tell the key informants that a study was being conducted by a scholarship employee for the future benefit of the TOT and Thai telecommunications industry. The interview was thus opened in a way which would allow the informants to relate their views on the topic.

Organising the Interviews

I had some prior contact - mainly by email or phone with interviewees' secretaries. The key executives group and engineers in the TOT took up more than half the total of persons interviewed. Generally, the interviewees in this group were quite open and pleased to take part in the interviews and gave liberal amounts of time to them. The interviews lasted from 2 to 2.5 hours. Interviews were by and large conducted at the interviewees' offices.

The rest included high-ranking State officials in NTC, MOF, MOTC, NECTEC, NITC, and industry expert at TDRI. This group comprised about one-third of all interviewees. Most were interviewed at their job site. This group of interviewees was also cooperative and caring, quite pleased to provide information.

During the interviews, I was a regular employee at the Telephone Organisation of Thailand (TOT) and guest at the National Information Technology Committee (NITC) and National Electronics and Computer Technology Centre (NECTEC) offices, where most of the main players in the substantive area were located. At the TOT, I went to work regularly as one among many employees; they assisted me in getting relevant documents and provided inside information, organisational insights, or further contacts. While collecting data at other agencies, I performed the role of academic researcher instead of employee in a State enterprise.

Access to those holding top positions was warmly welcomed, with interviewees providing quick responses. My reliability had been validated by reasoning or adducing evidence and the interviewees trusted me, thus enabling very in-depth interviews to take place.

During the interviews, I made it clear that all the information discussed was confidential and that the results would be shared only with the organisation itself and my academic supervisors. All findings, I promised, would be reported in a way which masked the identity of the precise individuals who provided them. I also explained how the need to collect data could be communicated through people in key positions in the telecommunications industry,

whose views could contribute distinction to this study, along with a letter of recommendation from my supervisor, Professor Suzana Rodrigues and the Office of Thai Students in the UK.

The interviewing checklists were used as guides for the interviews, but the order of the questions was adjusted to create natural conversations around topics which the informants felt were important to discuss. When I noticed that the informants had not answered a question fully, or had left out important information, especially when this seemed to affect the results seriously, I asked them to explain a little further in answer to specific questions.

The main questions concerned background details of the informants, the sequence of the Thai telecommunications restructurings and formulation of Information and Communication Technology (ICT) policy and then a series of open-ended questions about the institutional environment (e.g., the role of the State, industrial policy and key interest groups).

Questions also embraced the informant's role in the unfolding of policy as a consequence of the shifts in the world telecommunications and economic system. Informants were asked to relate the story of significant developments as they had observed it and these answers were then supplemented by probing questions from the interviewer (Galunic, 1994).

Four phases in the investigation

1) Informants were asked to describe how telecommunications reforms began, how it was recognised, who were the key players involved and what action they performed.

2) Informants were asked to describe the industrial developments, such as Wold technology advancement, liberalisation & privatisation ideas, and the evolution of the ICT policy.

3) The informants were asked to describe the effects of institutions and the Royal Thai State on the telecommunications restructurings and ICT policy-making process.

4) Informants were asked whether the influences of international organisations policy (e.g., WTO, and IMF) steered the changes in the Thai telecommunications regulatory environment.

Commencing the Interviews

The first round of interviews was conducted during January through May 2006. Sixty individual interviews were conducted with policy-makers, regulators, SOE top managers and

leading policy researchers in relevant areas. All interviews were conducted in the Thai language. Because of the three-year gap between the interview stage and the research report stage, I conducted two additional follow-up sets of personal interviews with five interviewees and via electronic mail during the time of writing (late 2006 to mid-2009). I returned to conduct the second (July 2007-June 2008) and third (January-May 2009) rounds of interviews with key academic researchers, senior executives at the TOT and engineers at the NITC and NECTEC in Bangkok, and also to collect additional publications on the subject.

Not surprisingly, the retired management people tended to recognise most incidents better than the other groups of informants. From the first round interview, the results show several shortcomings such as the organisation strategy is basically adopted from the national goals and policies. There are no directives and framework to guide the setting strategies. Generally speaking, the term 'strategy' in the organisation is the government plan and policy. Those interviewees in the second round were chosen from the first data collection's name-lists, with emphasising the organisation policy and influences of the SOEs on State's policy decision-making.

The findings represented in the first and second interviews discover the limited power of the SOEs to influence the industry policy as they are part of the State system. Therefore, the industry policy is determined by State's decision whereas various interest groups tend to exert ideas in the policy-making process. In the third round of interviews, questions were then based on external and internal forces affecting the process of policy-making in the ICT segment.

After the first and second interviews, the data proved insufficient; therefore, I went back to the case study site and conducted a third round of interviews between January and May 2009, facilitated by academic experts in the field of telecommunications in Thailand. To cover the missing data, new findings emerged from the existing data, with guiding advice from the industry experts and telecommunications lecturers in Thailand. It was developed to a more far-reaching perspective at the sectoral level, which considered Thailand telecommunications restructurings and ICT policy - with particular emphasis on the political model of the policy process and the role of the State in developing countries.

After the transcripts were made, the informants were asked to comment on their answers in order to eliminate any misunderstandings.

Interviewing Issues

The process of interviewing faced three weighty problems: firstly, interviewing highly-placed on government officials had to be set up in advance due to their busy schedules, because the interviewees had to attend both prearrangement and non-arrangement meetings. I consequently sometimes had to rush through all the questions before their meetings. The second problem which arose before the interview process concerned the actual process of making appointments with the Chairman of the Boards and the Board Committees, who were on extremely busy schedules and were unavailable for interviews. To cope with the interviewees' busy schedules, appointments were arranged as far ahead as possible.

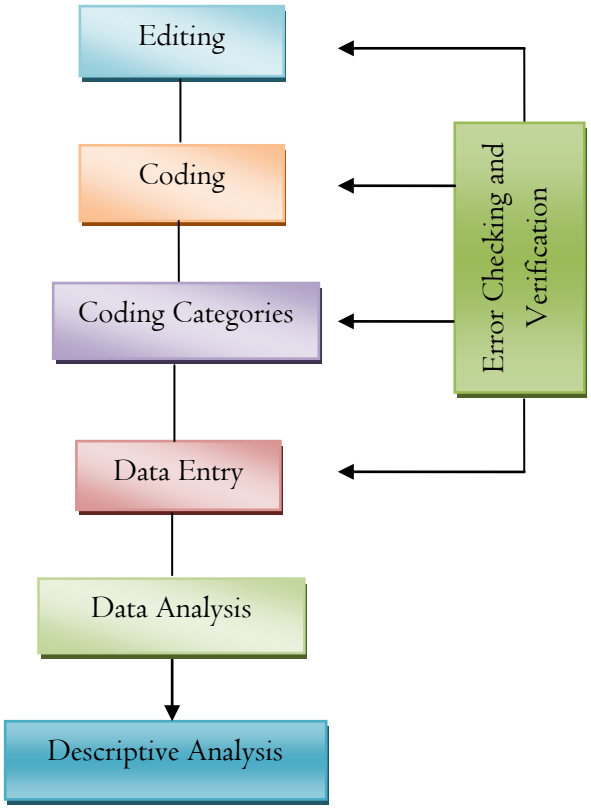
A final problem was that, due to my familiarity with the TOT and other State agencies' employees, I could be influenced by recommendations to interview or not to interview potential interviewees. This applied particularly to making the decision to interview certain top supervisors who were said by many insiders to be uninformed or uncaring, but who, due to their positions, ought to have had a part in the evolving process of the telecommunications restructuring and ICT policy decision-making. Due to time limitations, coupled with difficulties in getting appointments with certain potential interviewees, I had to take the decision to forgo contacting two or three such individuals.

As soon as the time of the interview was set, the interview guide was prepared in accordance with their position and duties within the organisation or institutions.

3.6 Data Analysis

The process of analysis began after the data was collected. During the analysis stage several interrelated procedures were performed to summarise and rearranged the data. The research steps related to processing and analysis were presented in ***figure 3.1***.

Figure 3.1 Overview of the Stage in Data Analysis



Transcribing, Translation and Transcription

All tapes were transcribed verbatim in the original language. They were transcribed carefully to reflect the original interview as closely as possible. The transcripts were reviewed in their original language, thematised and expedited accordingly. When quoted or used in the research report, passages in the transcripts were translated in English. Each was reviewed by the respondent, who could add comments or further details. The analysis based on the information that described the development process of policy formulation as an effect of the

endogenous and exogenous factors.

In the data analysis stage, the interviewer's notes from the interview on the same topics as the transcripts were grouped together and re-reviewed and examined in the context of the theoretical concepts and research questions constructed during the literature review.

Editing Process

On the same day as the interview, I began with catching technical omissions, checked legibility of handwriting, and clarified responses that were logically or conceptually inconsistent. This procedure helped me to recall the interview well enough to correct any problems; in order that the incomplete or no responses could be reduced with the rapid follow-up stimulated by a field edit as well as I re-contacted the respondent to fill in omissions before the situation had changed.

In some cases the respondents had answered only the second portion of a two-part question. I had to adjust the answers to the following questions for completeness because the respondents sometimes had already clearly identified their answers to the earlier questions. Therefore, I had to maintain rapport with the respondents and skipped the questions. To make the responses appeared in the same order as other questionnaires; I moved the out-of-order answer to the section related to the skipped question. For no-response answers I indicated the

questions by writing a message instructing the coding step as ‘missing value’ or ‘blank’ as the response.

Coding Process

A major part of qualitative analysis is making connections between various parts of the data. One way I do this was by coding data into categories, which placed together data sharing some important property.

As the research nature does not intend to count numbers, the purpose of coding is to reduce the large numbers of individual responses to a few general categories of answers. I followed a tabulation to identify verbatim responses from all respondents, and then constructed coding categories reflecting the judgement of the person that were mutually exclusive and independent.

3.7 Constantly Updated Data

The data analysis process was repetitive and continuous, in particular in terms of the industry’s development and that of the policy. To keep informed about industry or policy-

making process, I came to depend on online news reports by Thai newspapers on the Information and Communication Technology, in particular the Bangkok Post and The Nation newspapers - both English-language newspapers.

3.8 Research quality

It is essential in research to assess the quality and credibility of both research methods and results. Two concepts commonly introduced to discuss quality are 'validity' and 'reliability' (Martella et al., 1999). According to Martella et al. (1999), validity is concerned with the question of whether the scaling instrument denotes what it aims to measure, whereas reliability focuses on whether the appraisal creates consistent results across observations to make it available for the researcher to use as a way of making a judgement about the trustworthiness of the findings.

However, as regards qualitative research, which this thesis is based on, many writers discuss whether these concepts and interpretations are actually applicable or not. For instance, Lincoln and Guba (1985) and Bryman (1992) believe that different dimensions of trustworthiness, such as credibility (paralleling internal validity), transferability (paralleling external validity), dependability (paralleling reliability) and conformability (paralleling objectivity), should be tested instead; ***see Table 3.2***.

Lincoln and Guba (1985) contend that these dimensions better describe the standards or principles of social or qualitative research. Yin (2003), however, argues that the conventional way of expressing validity and reliability can also be used to form an opinion, based on the quality of qualitative research and that there are four logical tests, relating to construct validity, internal validity, external validity and reliability, which can be used for this. Furthermore, Yin gives the reason that the research design of case studies can be positively affected by the conscious use of different tactics.

According to Yin (2003), construct validity can be achieved by creating an instrument which measures the studied phenomenon in an accurate way. Nevertheless, in qualitative research the focus is on understanding a social phenomenon, not on measuring it. This means that the researcher has to choose proper sources of information and the right informants and that these sources must reflect the studied phenomenon. The test of internal validity instead deals with whether the results have a particular meaning and are credible in terms of the research and whether the conclusions have a meaning which is easy to understand in the studies or their context. The third test, external validity, concerns the significance of the conclusions and whether they can be transferred into other contexts, studies or groups of individuals. Last, reliability can be achieved if another researcher can reach the same information as was discovered as the result of the research and reach the same conclusions, following the same procedures as described by an earlier researcher and conducting the same case study all over again (Yin, 2003). In order to affect the reliability positively Yin (2003) proposes the use of an organised set of data which is stored in a computer and can be looked at and used in various ways and a plan for carrying out a careful and logical idea of a case study.

To advance the quality of my research, my intention has therefore been to write this thesis in an honest and clear manner which makes it transparent and allows readers to make their own interpretations. I have described the choices which I faced and the steps taken in the research project. In addition, I have added a list of references at the end of the thesis and tried to make references to other writers correctly.

Reliability and validity

The Thai's ICT policy went through a continuing series of developments, ranging from radical milestones such as partly joint competition - under concession contracts - bringing new products to the market to part subsidies. I recognise that the archival data, as was certain to happen, has meant that some of these events are missing, since not all actions were being reported in the annual reports and union newsletters. Still, I assume that in some way marginal activities were less likely to be reported than those of greater significance.

The interviewing method helped me to discern the true nature of a situation despite the above shortcoming. Although using memory as the prime source of data collection runs the risk of confining the account to a particular date in the past rather than seeing it from the present date in trying to make sense of it (Weick, 1988). Relying on memory to give an account of episodes which occurred ten years ago makes it hard to be certain about the exact timing of events and has probably led to signalling only those which turned out in hindsight to be significant and thus more easily remembered.

I recognise that there are potential biases in the data, for instance, proximity to the site. However, including the various ITU reports compensates for this effect. The coding procedure fundamentally measures the historical data containing collective sense-making and acting. The reliability of press releases requires the reputational status and journalistic principles of the sources to be checked. These reports are significant from at least two perspectives: the SOEs and the telecommunications press. Typically, editorials on outstanding telecommunications companies were written by a group of specialist reporters who had substantial knowledge of a selection of companies or SOEs. On the one hand, this creates an extra bias but on the other, these reporters are likely to have been better at selecting what counted as milestones for these companies.

Ultimately, I noticed a bias concerning the type of actions being reported in the sources. Actions reported in the SOEs reports, which were selected for their concise overview of the year, predominantly concern corporate level actions. The press publications, in contrast, reviewed all incidents of interest to their readers. These milestones also typically concern the corporate level.

After conducting the study I further tried to give credible portrayals of the case and describe the empirical findings by expressions drawn from the informants to consolidate internal validity. The internal validity should also have been strengthened when these findings were compared with the literature and findings of similar case studies.

Another test of the quality is concerned with external validity, which is about the problem of knowing whether the findings can be generalised beyond the case study. In case studies, the external validity concerns analytical generalisation, which generalises the results of the case study as broader theory (Yin, 2003). Yin (2003) further argues that an analytical generalisation requires the theory to be tested through replications of the findings in other cases, where the theory has stated that the same thing will happen. Nonetheless, this particular case study was designed as a single-case study due to the uniqueness of the institutional environment. The findings were then compared with the literature case studies and some theoretical findings.

Additionally, examples of how telecommunication policies are influenced by exogenous and endogenous environmental conditions were described. It is hoped that the external validity of these explanations may be corroborated by the application and, if not completely justified, can at least give valuable examples which other public policies within the same environment may learn from. My tactic in this chapter to strengthen the reliability of this case study was to describe thoroughly the research which I conducted. Furthermore, I used a checklist and protocol for logging the proceedings and set up a case study report. However, I believe that my conscious and unconscious perceptions and interpretations have, indeed, affected the research. According to Stenbacka (2001), it is impossible to differentiate between the researcher and the method. The case study was carried out by me and my choices of methods and literature are therefore most certainly influenced by my pre-understanding. Hence, other researchers may not necessarily arrive at the same results or conclusions if studying the same case phenomenon.

Concluding Remarks

The ICT policy-making process examined in this study is impelled by external and internal forces. To sort out the key stages in its development I relied on top management's statements in the annual reports and on the industrial publications and the results of interviewing. These sources provided historical information of a policy-making progress through time, which from two perspectives appeared to be significant. I fundamentally compiled a historical record of collective sense-making of ICT policy-making from the point of view of the external public and State agents. The analysis of policy evolution primarily focused on understanding the role of the State and those interest groups which participated in the policy-making process.

In addition to what has already been said, this study was conducted within the framework of Singh (1999)'s State characteristics and Kingdon (1995)'s policy model to offer a holistic understanding of the policy-making process in the country where politics dominates.

The following chapters seek to address the research questions. Chapter 4 gives a historical and contextual overview of the telecommunications regulatory systems, the telecommunications restructurings, political and macroeconomic environment and the early stages of information and communication technology in Thailand.

CHAPTER IV

OVERVIEW OF THAILAND TELECOMMUNICATIONS

4.1 Introduction

This chapter describes the historical and political contexts in which Thai telecommunications systems were restructured and network technology was established. The chapter begins by analysing the record of events in the order in which Thai telecommunications evolved. The report also provides a wide range of information to explore the political and ideological environment of the 1990s and, more pertinently, broadens our understanding of Thai telecommunications.

The process of Thailand's privatisation in the telecommunications industry, the statement announcing the changes to the 1997 constitution of Thailand, the 8th national plan, the World Trade Organisation commitment, and the Master Plan of telecommunications are discussed. Finally, the chapter includes a discussion of the historical context of the early growth of national information and communication technologies in Thailand, including the initiation of the computer network in Thailand, the early cyberspace community, commercialisation of

the World Wide Web and Thailand's national information and communication technology development plan, acknowledged as the IT 2000 Plan.

4.2 Chronology of the Steps in Telecommunications Regulatory Structure[68]

Thailand has been furnishing telecommunications services as a State monopoly, granting official permissions. In 1883, the Post and Telegraph Office was first founded under the royal decree of King Rama V. The PTO then split into two disjointed departments of posts and telegraph (including telephones) in 1891 and was recombined as the Post and Telegraph Department (PTD) in 1897 (Chamonman, 1994). The newly established PTD was responsible for postal, telegraph, and telephone services. The Telegraph and Telephone Act, B.E. 2477, announced officially in 1934, entrusted 'monopolistic rights and authority for the installation, maintenance and provision of telegraph and telephone services' to the PTD (Telegraph and Telephone Act, B.E. 2477, 1934, cited in Blasko, 1998: 512, footnote 46; Vision 900, 1993).

Authorised by the Telephone Organisation of Thailand Act (1954), the telephone authority was again split apart from the PTD and transformed into the Telephone Organisation of

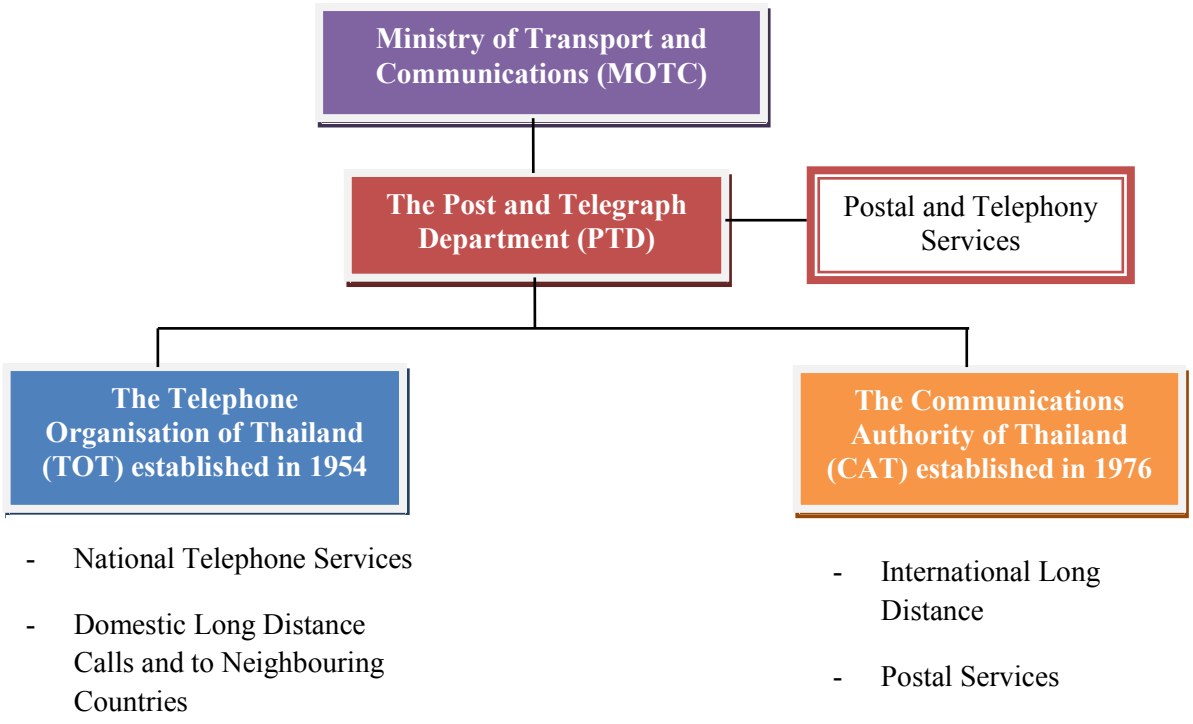
[68] This milestone of Thai telecommunications can be reviewed in Appendix C.

Thailand (TOT). Two decades later, forced by growing demands for services and the limited capacity of the TOT, the Communications Authority of Thailand (CAT) was founded, as laid down in the Communications Authority Act (1976), as a national body under the then Ministry of Transport and Communications (Chamonman, 1994; Communications Authority of Thailand 16th Anniversary, 1993). Through the PTD, TOT, and CAT, the Ministry of Transport and Communications (MOTC) controlled all parts of the postal and telecommunications industry and acted as planner, coordinator, investor, manager, operator, and regulator (Blasko, 1998).

The PTD was created as a regulatory section of the State department under the MOTC. The bureau continued to hold responsibility for frequency allocation, licensing, and international post so that the TOT and CAT worked together in an efficient and organised way toward a shared aim. The TOT and CAT, in contrast, functioned as State-owned enterprises (SOEs), controlled by boards of directors with approval from the MOTC. They were mainly responsible for providing national and international telephone services respectively. Although the responsibilities of the TOT and CAT were admittedly different, a careful and thorough examination of the two organisations' rights and privileges revealed no definite clauses to show clearly that each agency was exclusively charged with clear-cut service provision for either national or international telecommunications services. As a matter of fact, an official document granted the TOT the right and privilege to provide 'all services in connection with telephone activities' and to fix rates for 'any services rendered in connection with telephone activities' (Blasko, 1998: 513). From another standpoint, the terms Communications Authority Act, 1976, though generally reputed to have been promulgated to

enable CAT to inspect international telecommunications networks, gave no such right (Blasko, 1998); see ***Figure 4.1***.

Figure 4.1 The Organisation Framework of Thailand Telecommunications



A lack of precisely-described powers and rights meant that Thailand's telecommunications duopoly occasionally replicated and covered part of the same areas of interest and responsibilities in pursuit of the same aims. In practice, the backbone of the TOT was considered the most important infrastructure interconnecting various parts of the network, providing a path for the exchange of information. This crucial system therefore gave support and strength to national networks.

The agency was responsible for providing domestic local and long-distance public telephone networks. The TOT was in charge of domestic long-distance telephone connections, which also included services to immediate neighbouring countries, mobile phones, leased circuit services, and value-added services, and decided on telephone rates and the organising regulations for telephone equipment and services. The CAT, for its part, was responsible for national post offices, public international telephone services, national and international public telegraph and telex services, international leased-circuits, cellular telephones, and international facsimile and data packet services (Blasko, 1998). After the commercialisation of ICT in 1995, CAT also took on the important role of exclusive network industry regulator.

The overlapping operations of the three major agencies (the TOT, CAT, and PTD) made relations among them complex and their paradoxical responsibilities hard to untangle. Moreover, although all were under government control, they often lacked the framework for collaboration and occasionally contended amongst themselves for resources (e.g., radio frequencies, advanced technology). Moreover, these overlapping area of interests and interlocking relations, coupled with political interference from military and political associations, labour unions, and business interests, called for intricate decision-making and management in these agencies. This produced controversy and constrained structural and regulatory restructurings while obstructing the progress of more desirable developments in the telecommunications industry (Suriyasarn, 1995).

These interlaced operating and regulatory functions among Thai telecommunications State agencies were expected to end once the new regulatory body, the National

Telecommunications Commission (NTC), gained importance; the aim was to establish this by late 2001 [69]. Officially announced by the Telecommunications Act (2000) and confirmed with Thailand's agreement with the World Trade Organisation (WTO), the NTC would be the body exclusively responsible for all aspects of regulating the country's telecommunications sector. In the meantime, the TOT and CAT lost the regulating authority they had had and became merely two operators among other private competitors. The two agencies passed the cut-off point of privatisation in 2002. Whatever governments have decided since then, this plan has been indefinitely postponed.

4.3 Within the Context of Politics and Ideology of the Telecommunications Reconstitutions

Thai Society

Culture is not a social constraint, as some scholars seem to take for granted. It somewhat depicts adaptive responses of social groups to their domains. Academics have established a variety of cultural streams in Thailand that fit sub-national social assemblies. Even the

[69] By late 2001 the establishment of the NTC was still in limbo due to the Senate's opposition to the selection process of the NTC panel. The final selection of the NTC panel was expected in 2002.

older literature pays attention to highly consequential cultural differences among interest groups, like the culture of the armed forces of a country or its bureaucracy[70].

Novel investigation of attitudes and beliefs of Thai people implies that what are considered to be basic cultural sources—national, religious, and ethnic recognitions - may be less intense than previously believed. One reference of this division is a basic divergence in prospects between rural and urban areas (Logerfo, 1996: 904-23), a source of political disagreements (within parties, between parties, or between countries) in almost all communities. Pasuk Phongpaichit and Chris Baker have examined the cleavage between rural and urban cultures and have taken it a bit further. They propose that intrinsic political and social splitting in Thai society shows more than bourgeois contradictions between urban and rural social strata; rather, the urban-rural chasm expresses a more fundamental separation between those who have customised their culture to aid contribution in the global economy (urban - Bangkok) against those who have fewer advantages (rural - provinces) and who represent long established cultures and etiquettes of the society.

Despite the fact that cultural structures may expedite designs of political culture, theory has not firmly settled how ethnicity, religion, or other cultural factors manifest as attitudes or actions toward government. However, the generally accepted belief, opinion, judgment, or prediction is that religious disparities in Thailand bring about highly differentiated attitudes to political affairs.

[70] See also Riggs (1996), Suriyamongkol (1988), Phongpaichit & Baker (1995).

Far more meaningful than religious distinctions for political tendencies is 'ethnic' mix. Actually, ethnic cleavages, established upon language, have resulted in a rise of political tension within the Muslim population of southern Thailand. However, even these pressures are mainly interest-group and rank-related, based upon both social and economic factors, rather than having a cultural origin (Albritton et al., 1996: 127-56).

As a consequence, much more consideration needs to be paid to the gap between 'culture' and 'political culture.' Whereas mental attitudes toward government obviously originate from cultural norms and values, political culture illustrates specific adjustment to surroundings or attitudes as to the appropriate association of citizens to government.

Thailand, like most societies, is a complex mix of various cultural streams. Thai historical events have been, in most facets, a history of the hegemonisation of a geographic domain led by people in Bangkok, and by the effect of those cultural streams in terms of language, religion, and patterns of political organisation[71]. Even so, influences of Chinese cultural streams, Lao, Khmer, Karen, Malay, and a variety of hereditary cultures, have shaped the combination that inaugurated the Kingdom of Thailand. Religious positions of southern Thais formed one of the most emotional conflict in cultural orientation. The focal sources of political cleavage are not located in religious orientations, but rather in racial differences symbolised by language.

[71] See also Ratchagool (1994: 163-74) and Wyatt (1984: 255).

Furthermore, Phongpaichit and Baker (op. cit., pp. 115-40) asserted that political cultures are outcomes of individual and societal reciprocal actions with swiftly changing forces of economic advancement that reorganise systems in terms of government functions.

Thai National Culture

Thailand's population has comparatively a resemblance in structure, due to descent from a common progenitor with subsequent modification. More than 85 percent communicate in a local language of Thai and share a communal culture. Almost 12 percent of Thais have a Chinese background. Malay-speaking Muslims of the south constitute another less prominent group (2.3 percent). Other groups include the Khmer and the Mon, who are considerably acculturated with Thai. Theravada Buddhism is the registered religion of Thailand and is practiced by about 95 percent of Thailand's inhabitants (U.S. Department of State, 2005).

Buddhism has had a significant influence on Thai culture and society, and also the growth of the economy over a long period of time. Buddhism underscores the spiritually oriented lifestyle (Komin, 1991). Nevertheless, there has been a transition in Thai cultural values in past decades in relation to Western values and globalisation. Komin (1991) argues that the Thais typically respect material objects, as they are viewed as a sign of being up-to-date (thansamai) and as a mark of being part of modern civilisation.

Suparb (2000) declared that this view has a robust impact from western countries. Thais adore the technological headway of advanced countries and consider the use of western technologies as a sign of victory (or the so called Possession-defined success) (Richins & Dawson, 1992). Komin (1991) draws attention to attitudes and values of the Thai culture that preserve the ego and allow others to save face; this elevates the level of mundane possessions to a symbol of achievement.

Thailand is the only nation in South East Asia that has never been controlled by a western colonial authority. Colonisation influences the evolution of culture (Bhabha, 1994). Countries that had been ruled by Western countries have largely a crossbreed nature in their cultures. 'Hybridity' symbolises the partialising procedure of two opposing doctrines that has been integrated in a cultural value (Bhabha, 1994).

Being a non-western colonisation has resulted in the incapability to communicate in other languages (Chieochan, et al., 2003; Corbitt, 1999); whereas most high-ranking individuals in Singapore, Hong Kong, Myanmar, and Malaysia can speak fluently in English as a consequence of being overruled by the United Kingdom (Irwin, 1996).

National culture has been described in differently. Anthropologist Clifford Geertz expounds culture as a 'historically transmitted pattern of meanings embodied in symbols by means of which men can communicate, perpetuate and develop their own knowledge about and attitudes towards life' (McGrath, et al., 1992: 441-458). Hofstede (1991) elucidates culture as the collective system of the mind that differentiates one group from

another. Five neutral elements of national cultural diversities were substantiated. These are power distance, individualism, masculinity, uncertainty avoidance, and long-term versus short-term orientation.

Hofstede's (1997, 2001) rating of Thailand is that it has a large power distance and collectivist society, with a hierarchical and group-orientated structure. Knutson et al. (1995) pointed out that teenagers are silent in the midst of older adults, adolescents rarely have different opinions from older people, and silence is recognised to be a merit in Thai culture. Smutkupt and Barna (1976) characterised that doubts are rarely verbalised in Thai culture.

Thai culture is described by advocacy established upon senior status and a high ranking order, explicitly visible in far-reaching government administrations. Adams and Vernon (2004: i) noted:

> Many (of the respondents to their study) believe that Thai firms practice a Thai style of management based on Asian cultural values. This involves top-down centralised management, compromise, personal relationships, and less focus on formal performance measures than in Western-managed firms. This appears to be a culture-specific matter although it may also be related to the prevalence of family owned or controlled firms in the region.

Despite some trouble with collaboration and harmonisation in Thai culture, it is complicated for Thai personnel to publicly express a different view from their bosses or anyone who holds a higher post. This can be a detriment to the success of synergy (McCampbell & Jongpipitporn, et al., 1999: 318-20).

In the collectivist environment, individuals in the society give first priority to their group rather than their individual benefit (Hofstede, 1997, 2001). The difference between clique and outcast is strong. 'As the distinctive between in-group and out-group, treating one's friends better than others is natural and ethical, and sound business practice. In addition, sociologist also calls this way of thinking 'particularism'' (Hofstede, 1997: 66). Particularism is contrasted with 'universalism,' which is 'preferential treatment of one customer over others is considered bad business practice and unethical' (Hofstede, 1997: 66). Particularist settings are those in which 'particular' contexts are more noteworthy than common practices. Attachments of certain relationships such as family and friends are more important than any concept rule and the response may adjust in accordance with incidents and participants' connexions (Trompennaars, 1996).

Additionally, Komin (1991) affirms that Thailand is a society of reciprocal induction. Thais have a community-oriented value of kinship in helping one another and for being interdependent and conjointly supportive. Like many countries in Asia such as China, Korea, and Japan, sustaining a long-term bond is important to the Thai general public. Thailand is a long-term led community; this is termed 'a high Confucian value' inasmuch as the UK, the USA, New Zealand, Canada, Australia, and Germany are more inclined to

be short-term oriented cultures (Hofstede, 2001; Fang, 2003). In the long-term led cultures, 'in business, building of relationship and market position,' while in the short-term oriented societies, 'in business, short-term results: the bottom line' (Hofstede, 2001: 366).

Thailand has a high degree of "uncertainty avoidance" (Hofstede, 1997). Hofstede (1997) describes uncertainty avoidance, which is one State value construct, as the extent to which the constituents of a culture are intimidated by doubtful or obscure circumstances. Societies that have high uncertainty avoidance like Thailand have an impatience for and apprehension toward instability or dubious conditions. Conversely, in a low-ranking uncertainty avoidance societies (e.g., the U.S.), associates are keen to bear risk and are not threatened by an uncertain future. They are happy to work on extant relationships and ready to grow relationships with new alliances.

Kreng Jai and Bunkhun

Komin's (1991) outstanding investigation of Thai psychology confirmed that the highest Thai cultural values are those allied with network relationships. Komin (1991: 144) termed these values 'social smoothing.' The Thai language accents the significance of public congruence, such as how suitable linguistic courtesy must be used when communicating with people of higher rank, etiquette that is no longer important in the English language. Chantornvong (1992) explicated that English has 'I' to represent the 1st person, and 'you' to represent the 2nd person in conversation, but the Thai speaker must choose from 17

patterns for the first person pronoun and 19 forms of the second person pronoun based upon the appropriate courtesy, close association, and status of those mentioned in conversation. Buddhist religious ways of thinking constitute the foundation for the Thai integrity, sympathy, and consideration for others (Knutson, 1994), a notion acknowledged as Nam Jai (water of the heart), which seldom allows Thais to perceive foreigners as unfriendly or hesitant.

The Thai term Kreng Jai is one of the most complex of Thai ideas for foreigners to comprehend, and is expounded by Komin (1991: 164) as '…to be considerate, to feel reluctant to impose upon another person, to take another person's feelings (and ego) into account, or to take every measure not to cause discomfort or inconvenience for another person.'

Another Thai word, Bunkhun (the reciprocity of goodness) further heightens the position of rhetorical delicateness in Thai interpersonal relationships. Benignity educes gratitude, and bunkhun is the very basis of friendship. Klausner (1993: 275) remarked: 'To be katanyu, or constantly aware and conscious of the benefit or favour another person has bestowed, is a highly valued character trait in Thai society. To the contrary, one of the most reprehensible sins in the Thai social context is to be akatanyu, or ungrateful.'

As Knutson et al. (2002: 18) reckon, 'the development of Bunkhun involves a long-term obligation; the grateful relationship does not happen immediately.' The Thai ability to stay calm and collected and able to determine one's feelings in complicated circumstances is

illustrated by the term Jai Yen. Komin (1991: 148) described the salience of Jai Yen: '[Jai yen]… is the core cognition behind the behavioural pattern of the everyday life social interactions of the Thai. And it is this value of smooth and pleasant interpersonal interaction that gives Thai people the image of being very 'friendly' people, and Thailand, the 'Land of Smile.''

The Thai value on interpersonal synergy can sometimes best be indicated by Komin's (1990: 695) observation that 'Good relations win all, not tasks.' Komin (1998: 225) found that 'avoidance of face-to-face conflict … characterises Thai interpersonal relations.' Knutson (1994: 19-20) investigated the dissimilarities between Thai and U.S. American cultural morals and summarised:

> The Thai ego-orientation and the quest for grateful and smooth interpersonal relationships combine to develop a caring and considerate interpersonal style, or kreng jai. Suppressing a desire to criticise and acknowledging another's kindness creates a pleasant atmosphere, soothing to all parties concerned... For the Thais, the expression of emotion, especially negative emotion, is considered unwise, uncouth, and a jeopardy of the smooth interpersonal rapport considered so important.

Thais anticipate people to be gentle and humble. Thai social connections expect that no one be put in a humiliating or discreditable situation. Critique is felt to be an insult or a

personal affront. Nakata and Dhiravgin (1989: 185) noted, 'the Thais are keen to avoid conflict…and averse to criticising others in their presence.'

Political Environment

The major event in Thailand during the 1980s was its experience with a so-called semi-democracy. The military had been important for the development of the country's politics over five decades between the end of the absolute monarchy and the growth of the constitutional monarchy. The Thai parliamentary system became stronger in the 1980s during a long period of political stability (i.e., by and large, one free of political coups) under Prem Tinnasulanond's government.

With the aim of shifting power from a solely military regime to a parliamentary one by the end of the 1980s, Thailand encouraged greater participation of political parties and people outside the armed forces. Coinciding with the period of rapid economic improvement in the late 1980s and early 1990s, capitalist groups played a greater role in politics, initially as sponsors of politicians and coalitions of bureaucrats, and ultimately as politicians themselves in the 1990s.

In a multi-party parliamentary system, Thai politics was well-advised by a large number of political alliances with no one party having an absolute majority. Thai political associations

were generally formed not by distinct political ideals but by a coalition of interests. Politicians were most often recognised as developing party alliances in order to increase their chances of gaining a seat in the cabinet. As a result, Thai politics became progressively characterised by several different interest groups competing for vital cabinet posts: those who stood to control a great deal of infrastructure capital and make a large profit on mega-projects. Many elected politicians were also known by the time they left their government appointments (often ministerial posts) to have massive wealth themselves. Vote buying, carefully thought out as a kind of business investment, resulted in economic bubbles in Thailand's economy (Phongpaichit & Baker, 1998). An epidemic of corruption required increasing expenditure of capital on government contracts. Large public infrastructure government projects became a source of political squabbles and wrongdoing.

In 1991, the first truly elected civilian government of Chatichai Choonhavan was ousted by force without a violent military coup. The military's justification for the coup, which to a large extent was approved by the Thai public, was Severe Corruption. It was contemplated that the real reason that the military ousted the Chatichai government was the military's attempt to acquire control over the 2 million line telephone contract (Niyomsilpa, 2000).

The 1990s was a politically and economically tumultuous time for Thailand. After a decade of economic success, political democratisation, and gradual reduction of the military influence on politics, Thailand experienced a momentous incident in May of 1992 when pro-democracy protests led to power being seized from the government by a group of military officers after a revolution. General Suchinda Kraprayoon made the people extremely angry

by breaking his pledge to play no part in politics and accepting the inducements of the pro-military government coalition to become prime minister.

In effect, the 1992 popular outbreak was a crossroads in Thailand's modern history not only because it eliminated the already weakened military from politics, but also because it spurred the public interest in reforming the political constitutions and brought the country closer to democratic participation.

To avoid similar crises from recurring, the media, colleges and universities, and NGOs led the country to compel constitutional amendments and made it mandatory for the Prime Minister to be an elected Member of Parliament[72]. The 1992 uproar marked the first signs of democratic maturity for the Thai political system, whereby public policy issues gained support and were debated widely amongst different segments of the society.

Meanwhile, electoral politics continued to grow. More political alliances strengthened, although they were still not fully articulate in terms of political ideology. Local capitalist groups expanded through a swamp of foreign investments and loans in the first half of the 1990s.

[72] Traditionally the prime minister's position was offered to a respected figure who was an outsider (not in the ruling political party) or whom the ruling coalition accepted as a neutral figure with sufficient influence and authority to manage negotiation and compromises between the many coalition interests. Such personality politics is exemplified by several of Thailand's prime ministers who have been non-elected politicians invited to take charge, such as Prem Tinnasulanond and Anand Panyarachun. General Suchinda Kraprayoon was 'invited' to become prime minister by the pro-military coalition in 1992 but evidently was not accepted by the public, resulting in the large-scale protests calling for his resignation in May of 1992.

As the Thai economy appeared to grow at an unbelievable average rate of 10 percent per year, money politics grew intense. Business interests and politicians formed alliances to create business opportunities through a growing number of large government infrastructure projects, particularly in the telecommunications sector.

Nevertheless, economic propulsion suddenly halted in July of 1997, when the country was damaged by one of the worst economic depressions in history. The baht, which had until then been fixed at a certain level or within a certain range relative to the U.S. dollar was floated and rapidly overcome amidst massive currency speculation, the result of an unsuccessful defence against speculation by the Chavalit government. The devaluation of the Thai baht sent the world economy (with the exception of the United States) into a slump and Asia to a position very near insolvency.

Thailand was harshly recalled to its frail economic achievement and deficient rudiments: a political web full of corruption, financial mismanagement at the highest level, and lack of sound economic principles and management skills.

The ensuing concern for the Thai public was to make sure that the government would build up the levels of transparency and accountability through wide-ranging political restructuring. Together with the idea of gradual development from the 1992 political liberalisation, the 1997 crisis further intensified the public's concern over the behaviour of the government. Inefficient financial management and corruption involving high-level executives, public officials, and politicians, as in the controversial case of the Bangkok Bank of Commerce,

caused the public to inspect governmental affairs and the conduct of public officials more carefully.

As a result, the Counter Corruption Commission was established to play a significant role in several cases of corruption and graft by public officials, including high-level political figures such as previous minister Sanun Kachornprasart and the prime minister's vote-buying Thaksin Shinawatra in 2001. Government transparency became a key concept passing from one to another at many levels in the community.

The economic measures imposed by the IMF did not, however, generate wholly beneficial results for many Thais. Those engaged in prosperous entrepreneurial enterprises were hit hard by the crisis; the lack of manifest positive results caused indignation. Apart from the corrupt political scheme at home, a lot of criticism was levelled at foreign currency speculators and hedge fund managers who, many Thais surmised, contributed to the eventual rapid and uncontrolled decline of the Thai baht in July 1997, totally destroying all of the country's foreign reserves.

The political reawakening, coupled with a feeling of anger against these foreign forces, led the Thai community to turn inward and engage in more serious introspection. A widespread consensus was that political restructuring was fundamental to economic reconstruction, that the systemic reform of politics was essential to meaningful developments that would in turn give rise to a sustainable economic scheme (Overholt, 1999).

Between the late 1980s and the early 1990s, the Democratic Party, under the leadership of Chuan Leekpai, was considered a strong influence for democratisation. When the party was elected to lead the country after the ousting of General Suchinda in mid-1992, it was reassessed favourably, at least by the urban middle class, as one of the main parties for ensuring the country's progress toward restored economic prosperity and the development of democracy.

After the economic collapse in 1997, the Democratic Party under Chuan was again elected to lead the country's upturn. Under the stewardship of Tarin Nimmanhemin, an outstanding technocrat, as finance minister, the Chuan government was widely commended by the international community for its serious implementation of financial and economic restructuring programmes. Nonetheless, because the general Thai public did not feel the positive results of the revival, anger against the Chuan government increased. As a result, Chuan and Tarin became progressively represented as too dutifully complying with the commands of foreign interests, namely, the IMFs.

The economic liberalisation programmes opened doors for foreign companies into Thailand's home markets, causing distress among those who felt their interests were being impaired and the urban and rural poor who had been badly affected by the economic crisis but felt no relief when the IMF-imposed measures were carried out. Despite, or rather because of, its comprehensive economic restructuring measures and obedience to the IMF, the Democratic Party met strong disapproval in terms of its perceived shortcomings in leading the country to recovery. The Chuan government and the Democratic Party were

characterised as an old ineffectual political order, which was prone to submit to the orders or wishes of foreign interests and disregarded the poor.

This collective feeling was clearly borne out in the landslide result of the 2001 general elections, which brought the new Thai Rak Thai Party, under a powerful and popular telecommunications capitalist, to overwhelming victory. Having considerable financial support from strong and profitable corporations such as Shin Corp[73], a far-sighted and political marketing populist policy movement, the party was able to swiftly attain power, with acceptance and respect as a new substitute for the Democratic Party. Its revolutionist motto 'Think new, act new, for every Thai' headlined the party as an invigorating political delegate with the interests of the people at heart.

The policies offered during the election campaigns and implemented by Thai Rak Thai after it won the election embraced several public assistance programmes intended for a particular group of the large rural and low-income constituents: universal low-cost (30-baht per visit) medical coverage, one-million-baht-per-village investment funds, and loan mitigation for farmers.

One group of the literate middle class that included professional and business people supported Democratic constituents and doubted the capability of developing and surviving Thaksin's populist principle that ICT influences the way in which the party serves society.

[73] Under its concession with TOT until 2015 for mobile services, Shin Corporation's AIS (unlike its main competitors) paid no access fees to connect with the local fixed line network (Mesher & Jittrapanun 2004, 102).

The personal affluence of Thaksin, the party's leader, was presented after careful thought as evidence of his talents and fame by a large popular base, in particular those harmed by the economic downturn. His incisive CEO-style of leadership was also a refreshing quality in comparison with Chuan's intellectual but slow methods, often deemed ineffectual. To a large sector of voters, Thaksin and Thai Rak Thai represented a hope for speedier economic healing.

Whether the new choice of leadership elected by the Thai people brought about any meaningful development and led the country to economic recovery is still not clear because of Thaksin's attitude to loyalty to the country and the monarchy (e.g., his contract to sell national telecommunications properties to a foreign telecommunications partner). But one thing is certain: the various milestones during the 1990s led to great developments that complicated the unfolding of policy-making in Thailand's telecommunications industry.

First, the political reawakening put under serious political scrutiny the government's policy-making and politicians' engagement in business transactions in all sectors. Second, the mistrust of government bureaucracy, coupled with the strong movement toward economic liberalisation, led to a widespread regulatory restructuring in most sectors, telecommunications in particular. The 1997 economic crash brought new ideological concepts into Thai politics: accountability and transparency. In political and economic restructuring, the idea of independent regulating bodies was introduced. It became crucial in the view of the reformists (e.g., political activists, academics) that political powers were to be separated from economic operation. For instance, new independent regulatory bodies such as

the National Telecommunications Commission (NTC) were developed to untangle many of the groups that sought to maintain or control an existing system or activity in the telecommunications sector from which they derived private benefit, and to minimise State control over public resources and curb political officials' abuse of power and authority.

Unlike most Western countries in which formal politics is clearly dominant over informal politics and the relationship is one of 'imposition and resistance,' Thai informal politics has been historically dominant, with formal politics often providing no more than a facade. Informal politics plays an important role in every organisation at every level, but the higher the organisation, the more important it becomes. At the highest level, due to the fact that the tasks to be performed are relatively unstructured, discretion is needed, personal judgment is crucial, the demand for decisions is great, and secrecy is imperative, and informal politics prevails. Although the historical trend is toward political formalisation, informal politics remains much more potent in Thailand than in other countries and may be expected to prevail at the highest level well after formal legal rationality has been superimposed in other areas. The formal rules of the game have the best chance of prevailing when they coincide with informal loyalties (Dittmer, 1995: 16-19). Thus, in practice, the relationships are much more complex than what formal political structures suggest.

4.4 Thai Telecommunications Reconfigurations

Since the mid-1980s, Thailand has experienced two stages in the process of changing the organisation of telecommunications, each taking an extraordinary course (Niyomsilpa, 2000). The first stage, from 1986 until the military overthrew the Chatichai government in 1991, was characterised by the continuation of a State monopoly and the beginnings of deregulation and restricted private participation. In this phase, the military remained a dominant force in politics along with the bureaucrats and the politicians. Business interests began to emerge.

The second phase, which set off the 1991 military coup and continued to the end of the 1990s, was characterised by a move from State monopoly to broader deregulation and liberalisation of the industry, as well as a multiplication of Thai telecommunications business enterprises and their increased engagement in telecommunications politics.

Thailand began to seek advice and information on restructuring State-owned enterprises in the very early 1990s. In an attempt to explore the possibilities of restructuring, Thailand took guidance from the World Bank in producing a telecommunications master plan to reorganise and detach the regulating from the operating functions in the SOEs. The segregation of functions was to be encouraged by the formation of a new, independent regulating body, then conceptualised as the National Telecommunications Commission (NTC). As a result, the TOT would act only as an operator and openly compete with private operators (Blasko, 1998).

4.5 Transformations in Thai Power Sector

This section explicates the institutional legacy of the energy industry in Thailand, particularly the electricity generation, transmission, and distribution sector. Similar to many growing economies, Thailand has advanced an energy policy expressing its aspirations to strengthen energy security and reduced reliance on external energy sources, while quickly deploying energy infrastructure to accelerate economical growth. Part of this approach resulted in the levy of new regulatory schemes, mostly based on models from the UK. Thailand thus illustrates an instance of regulatory promulgation of discrete regulatory templates, but in a developing country framework wherein institutional systems are evolving and institutional capabilities and capacities are sabotaged.

Chronicled Scenario

Electricity is political merchandise in Thailand. Electrification, the rise of the generating and transmission infrastructure, and buyer and manufacturing access to electricity are closely connected with the growing plans and aspirations of the Thai State and its people (Williams & Dubash, 2004). As a matter of fact, development in the demand for electricity, increasing yearly by 10 percent since the mid-1980s, has been a leading indicator of the country's brisk expansion as Thailand headed into power-intensive industrialisation in petrochemicals, manufacturing, steel and cement production, and proliferation of upstream refinery capacity (Woo, 2005: 3). Swift urbanisation and appropriate pricing policies made

electricity generally affordable, fostering electrical power replacement and further development in generating capacity (Wattana et al., 2008: 43). While the Asian economic distress observed extraordinary decreases in electricity demand in alignment with a contraction in economic incidents, since 2001 there has been a growing demand, ranging annually from 3-7 percent. A record peak power demand showing of constant energy-intensive industrialisation was received on April 24th, 2007 (EGAT, 2008: 7).

The importance of electricity to Thailand's economic evolution has historically brought forward an intense State appearance in the electricity sector, with three government-owned enterprises influencing power generation and allocation since the late 1960s: the Electricity Generating Authority of Thailand (EGAT), the Metropolitan Electricity Authority (MEA), and the Provincial Electricity Authority (PEA). EGAT's inauguration in 1968 outlined a decade-long routine of consolidation, with the government confluence of several State-owned regional generating authorities to constitute a 'sole agency responsible for generation and transmission of electricity to the entire nation' (Wattana et al., 2008: 44). Indeed, the building of EGAT was itself a manifestation of earlier moods of policy dispersion, with the World Bank and USAID forcefully sanctioning a single autonomous power bureau for loans to finance infrastructure upraise.

The upshot was a separate and perpendicularly merged electricity sector, whose overriding role in powering Thailand's industrialisation gave rise to the three power utilities not only being politically rugged but practically self-governed except for financial requirements

allocated by the Ministry of Finance (Wattana et al., 2008: 48; Greacen & Greacen 2004; Williams & Dubash, 2004: 519).

The institutional endowment that was established should not be downplayed. By default, EGAT took pleasure in a monopoly that built a series of forceful dynamics, vested interests, and sovereignty of major resources. Reform of any kind, whether in the styles of regulatory governance or efforts to construct self-contained supervising agencies beyond the reporting mechanisms that called for its origination, would from now on consistently be seen as dangers to these interests and likely arouse the opposition of EGAT. By standing up for strong State agencies as the outstanding agencies for electrification, EGAT put in line with the national objectives of industrialisation and economic growth, enabling it to possess principal position in the institutional framework of Thai society.

Early reform efforts in the Thai electricity sector: 1980–1989

The fast allocation of electricity capacity via centralised bureaus like EGAT was both extraordinarily profitable and overpriced for Thailand. Much of the capacity release to the public was funded by external credits, with EGAT, MEA, and PEA responsible for almost half of Thailand's external borrowing between 1967 and 1971 (and close to 37 percent between 1972 and 1976). Thailand's power public services thus noted the lack of energy resources between 1974 and 1979, with severe financial obligations and a dependence on

imported oil[74]. The effect was a tripling of the State's external energy bill between 1979 and 1981, and a dramatic increase in the country's debt, approaching 39 percent of GDP (Greacen & Greacen, 2004: 520; Wattana et al., 2008: 44–45).

By the early 1980s, State-led progress through external financing therefore became mooted, and regarding electricity, particularly politicised. Electricity prices grew phenomenally off the back of overlying energy costs and debt servicing, rising 259 percent between 1979 and 1982. Political stress to sustain low-set electricity tariffs and promote improved access to electricity among Thailand's rural and urban impoverished caused conflicting pressures to fulfil domestic constituencies and prepare artificially low tariffs, while trying to tackle the increasing debt burden of the utilities.

When confronted with mounting public debt, Thailand was forced to ask for emergency help from the IMF (in 1981, 1982, and 1985) and haggle over a series of provisory structural adjustment loans (SALs) from the World Bank. Part of the loan requirements entailed price increases for electricity and the privatisation of State-owned enterprises in order to promote private sector participation and hence cut back the public sector deficit (Greacen & Greacen, 2004: 520; Chaivongvilan et al., 2008: 56).

By 1988, the government's 'White Paper on Enterprises' endorsed the privatisation of 41 of Thailand's 61 State-owned organisations by 2001. EGAT was graded a 'Class A State Enterprise' and designated for privatisation through a three trajectory procedure: first,

[74] Required for electricity generation.

partial privatisation of EGAT through equitisation and compelled divestiture; second, the origination of new industry entrants via the sale of EGAT's up-stream producing plants; and third, the acquisition of power from privately running independent power producers (IPP) (Woo, 2005:6).

Despite emerging ideational divergence among domestic partnerships, especially a progressively vigorous and magnetic Thai middle class and a pro-democracy campaign, the first trials to privatise utilities and liberalise tariffs failed. Labour unions, customer groups, Thai patriots and scholars stimulated an ardent coalition that, together with EGAT's special interest in maintaining the current situation, flourished in impeding privatisation ambitions. Separating EGAT could result in superior effects in terms of tariff deductions, greater capabilities, or improved public service distribution. However, this is not generally understood to be true, primarily because of Thailand's swift industrialisation and comparative impoverishment alleviation.

By the end of the decade, EGAT persisted in a monopoly but with rising external debt and developing infrastructure commitments. Thailand's dramatic economic growth throughout the 1980s, such as tripled electricity demand and subsequent electricity inadequacies and 'brownouts' endangered the country's hopes of industrialisation. EGAT was compelled to unfold greater generating and transmission endowments summing up to over $1 billion USD yearly by the end of the 1980s, again chiefly sponsored through concessional reciprocal loans. By 1989–1990, EGAT's budgetary situation was thus insecure, with some 57 percent of its annual operating budget forced to be put in reserve to recondition its

foreign debt burdens ($1.168 billion USD in fiscal year 1989–1990) (Greacen & Greacen, 2004: 520; Wattana et al., 2008: 45–46).

Spread of Privatisation 1990-1999

Thailand's prolonged economic success in the early 1990s only exacerbated electricity capacity issues. Between 1985 and 1995, for instance, Thailand was the world's most rapid booming economy, with real GDP proliferating annually by 8.4 percent (Greacen & Greacen, 2004: 521). With rising generating capacity and transmission demands, EGAT's financing deals became increasingly vexed.

By the early 1990s, the World Bank had entered new electricity foundation loaning policies, laying down requirements specifying the creation of market-oriented supervisory plans, the commercialisation and corporatisation of electricity sector offices, and liberalisation of the industry to expedite foreign title and greater private sector involvement (World Bank, 1993). As Wattana et al. (2008) indicated, the international financial agency was the most powerful pressure. On the other hand, the consecutive governments of Prime Ministers Chatchai (1988–1991), Anand (1991–1992), and Chuan (1992–1994) inaugurated an elongated period of pro-market reconstructions that would eventually reconfigure the policy anatomy and regulatory scheme ruling electricity.

The inaugural cluster of changes, nonetheless, were temporary and basically worked around the complex matter of a completely new regulatory regime or entirely new ownership constitution when confronted with solid institutional heritages that restricted political choices.

Some of these changes had begun erstwhile with the formation of the National Energy Policy Office (NEPO) in 1986 and designed as a secretariat to the National Energy Policy Council (NEPC), which directly informed the Prime Minister's office. NEPO was directed by the dominant and politically prestigious Dr.Piyasvasti Amranand (1986–2002), with NEPO substantially stimulating the energy policy in Thailand through the NEPC. Under Piyasvasti, NEPO was transformed into a powerful advocate of market philosophy and privatisation, pressurising the Prime Minister and cabinet for transformation in the electricity sector as a means of undertaking EGAT's risky debt stance (Greacen & Greacen, 2004: 523; Electricity Governance in Thailand, 2006).

Its energised duty, according to the 1992 National Energy Policy Council Act, made NEPO the most strong energy entity in Thailand, supposing predominant powers over all aspects of energy policy, planning, and pricing. NEPO quickly acquired technical assistance from the World Bank to assist in the privatisation of the electricity sector and espoused passage of revisions to the EGAT Act (1992), approving private power producers (PPP) to set foot in the upstream generating sphere.

Two PPP's eventually appeared; the first in May of 1992 with the creation of the 'Electricity Generating Company Limited' (EGCO), and the second in March of 2000 with the establishment of the 'Ratchaburi Electricity Generating Holding Public Company.' Both were initially structured as fully owned subsidiaries of EGAT. Both EGCO and Ratchaburi would be launched on the Stock Exchange of Thailand (SET), escalate investments via their initial public offering (IPO), exploit capital markets, and then invest in generating plants from EGAT as part of an impelled divestiture. By separating EGAT's monopoly on power generation and initiating market rivalry in upstream production, the transitions attempted to reduce generation costs and control the tendency of tariff climbs under EGAT.

After-effects

Thailand's first encroachment upon electricity privatisation provoked opposing results. Far from pure competition, EGAT continued noteworthy interests in both EGCO and Ratchaburi. As recently as 2005–2006, for example, EGAT held a 25 percent stake in EGCO and a 45 percent interest in Ratchaburi. As the exclusive buyer of power from EGCO and Ratchaburi, EGAT's has a conflict of interest. It keeps a business interest in the profitability of EGCO and Ratchaburi and the capability to transfer supplier costs to final users. By one description, for example, EGAT spends as much as 20 percent more for power from EGCO than from other non-State manufacturers (Greacen & Greacen, 2004: 523).

This type of arrangement does not allow for rivalry with competitors as an impetus to lower costs. As Woo (2005: 6–7) discerns, rather than a tug-of-war 'there is an informal agreement between . . . [the]...companies not to directly compete for the acquisition of assets' that even encompasses arrangement of 'their prospective spheres of influence for investment in neighbouring countries.' More importantly, the power purchase agreements (PPAs) between EGAT, EGCO, and Ratchaburi applied a 'take or pay' contract, guarding PPPs from imbalances and downloading unwanted capacity jeopardies to EGAT and eventually to Thai end-users.

An attempt to create new regulatory supervision authorities and to determine regulatory capacity during privatisation was not successful. EGAT kept hold of a potent mantle in the government structure and for all intents and purposes enjoyed self-regulation. EGAT kept hold of a potent mantle in the government structure and for all intents and purposes enjoyed self-regulation. EGAT's proclaiming and accountability procedures, for example, amounted to little more than the composition of year-long reports to the Ministry of Finance, with subtle or clandestinely commercial agreements with PPPs concealed.

Privatisation, although it was meant for positive change, was mainly occurring in a regulatory vacuum. The lack of accountability, negligence, assent, and act of enforcement mechanisms negatively affected competition, pricing, commercial sector competition, and consumer safety. Privatisation was itself seen as a format of regulatory metamorphosis but was missing the institutional change necessary to implement the commercial frameworks of this new nature. To the extent that NEPO were disturbed, privatisation would produce

its own prizes; the institutional rearrangements would later ensue (Sirasoontorn, 2005: 3). The introduction of mainstream rules controlling regulatory motivations or the incitement of new institutions to influence regulatory governance were thus peculiarly non-existent amongst what was otherwise upheld as energy sector remodelling.

The fomentation of a series of IPPs, while showing some degree of liberalisation in the upstream generating sector in Thailand, also exhibited how restricted by institutional bequests characterised the reform attempts of Piyasvasti and NEPO. Much of the 'reform' that happened was confined to the policy realm, where political leaders approved the demand for private sector involvement in generation but normally avoided the broader and politically more challenging assignments of establishing new institutional arrangements or launching regulatory innovation. The institutional arrangements that managed resources and authority for electricity provision centralised the responsibility of EGAT and limited the alternatives available to bureaucrats or political elites, leaving EGAT comparatively untouched if not commercially rewarded from the agitation of IPPs. More importantly, the downfall in executing valid renovation in regulatory governance left reform-minded constituencies without non-political mechanisms to fail EGAT's 'black box' mind-set.

There was, nevertheless, one outstanding effect of these endeavours: control over Thailand's electricity policy had been steadfastly held in the hands of the Thai civil service. EGAT would no longer be the exclusive depot of electricity knowledge, policy, or planning.

The Commencement of IPPs

The lack of a solid regulatory condition elucidates much of Thailand's successive reform undertakings in the electricity sector. The second footprints of privatisation began in December of 1992, which observed the pioneering of independent power producer (IPP) and small power producer (SPP) schemes. This was to captivate private foreign fund to create, occupy, and operate large and small scale power plants, boosting generating capacity while lessening public spending obligations.

Like it was previously, IPPs and SPPs signed up for power purchase agreements (PPAs) with EGAT, the sole purchaser of electricity. Seven IPP concessions were licensed in 1994–1995 to provide 6,345 megawatts (MWs) with commercial operating dates inaugurating between 1999 and 2003 (Woo, 2005: 7).

Though the auction process for IPP authorisations was ambitious, there was no regulatory mechanism established to supervise governance in the sector in connection with the arbitration of competitive stresses down the value chain to users and tariff prices. PPAs bargained between the IPPs and EGAT, for example, based upon a regulated returns environment, promising returns founded upon approximated IPP costs at the time of the offering of the concession. Any proficiency earned through technical upheaval or decreased operating costs were preserved by the IPP (Sirasoontorn, 2005; Wattana et al., 2008: 47).

Moreover, supervision of the sector and the commercial executions of the IPPs and EAGTs became the duty of NEPO and NEPC, who, as Sirasoontorn (2005) views, were not regulators intrinsically but designs of policy setting with no accountability, compulsion, acquiescence competencies, or obligations in connection with the point previously mentioned. For capitalists in the IPPs, the lack of a formal system of regulatory surveillance exposed them to the hazards of a single purchaser (EGAT) connection, transformations in the policy preferences and agendas streamlining from NEPO, and potential varying political coalitions exerting energy policy at the Cabinet rank via the NEPC.

Rather than a steadfast regulatory environment, Thailand's energy policy subsisted outside of an institutionally cased approach described by formal practices for inspection, stakeholder commitment, and reorganisation. Regulatory governance in a sense was thoroughly unavailable, with energy policy embraced in a highly surrounded institutional background, NEPO, and otherwise entrapped by an energy Czar, Piyasvasti. As preceded the political adjustments in attitudes and visions, so would go NEPO, Piyasvasti, and Thailand's electricity privatisation plan.

Policy and Political Insecurity, 2000–2006

Subsequent to the Asian economic disaster in 1997, the Thai government prepared a draft and approved a 'Master Plan for State Sector Reform' in alignment with the letter of intent

exhibited to the IMF as part of Thailand's bailout bundle (Electricity Governance in Thailand, 2006: 10).

The Master Plan sketched out the 'basic guidelines, principles, practices and time frames for privatisation plans, legal, regulatory and institutional changes' [75] (Sirasoontorn & Quiggin, 2007: 403). The plan requested the full privatisation of the electricity sector similar to the 'Power Pool Model' in the UK. Essentially, the sector would be 'unbundled,' withdrawing the generating, transmission, and distribution sectors. At the generation termination, EGAT's generating possessions would be split into three separate generation companies, privatised and sold at a clearance sale. Each of these generating companies would then vie with a 'power pool,' vending power on a commodity exchange where supply and demand would decide spot prices for electricity. EGAT would be modified into a transmission company and retain sole national transmission rights and responsibilities.

MEA and PEA, meanwhile, would each be separated into governed electricity delivery companies and contended in the merchandised market. The power pool would commence operations in 2003, beginning a period of competition in the electricity sector at both the wholesale and retail levels with EGAT solely responsible for transmission pursuits (EPPO, 2000).

Concurrently, the government would motivate to nominate a sovereign and omnipotent regulator similar to the UK template, Office of the Gas and Electricity Markets, whose command would be to regulate competitive incidents in the wholesale sector, supervise the

[75] See also NEPO (1999: 7).

natural monopoly produced in the transmission sector by governing transmission charges to IPPs, and regulate the restricted competition foreseen to unfold in the retail distribution sector (Electricity Governance in Thailand, 2006: 9; EPPO, 2000; Sirasoontorn, 2005: 3; World Bank, 1999).

While forcibly held up by the Chuan leadership (1997–2001) to address not only its indebtedness to the IMF but basically to convert the electricity sector and address the unsettled financial position of EGAT, the reform programme was vastly shunned. EGAT challenged the reform strategy. EGAT unions dreaded job losses, Thai patriots felt it would bring about the acquisition of national assets by foreign benefits, consumers worried it would raise power prices or contribute to the entrance of privatised monopolies, and the Thai media feared fraudulence or partiality in the privatisation protocol (Electricity Governance in Thailand, 2006: 9; Sirasoontorn, 2005: 3).

Behind the result and critical financial disruption induced by the Asian economic slump (1997–1998), public opinion in Thailand was increasingly sceptical of restructuring advocated by international organisations or the principle of imported foreign templates. The Chuan government's reform strivings became increasingly at risk, remarkably employed by the populist politician, Thaksin Shinawatra, in his vote proposal to become Prime Minister (Electricity Governance in Thailand 2006: 9-10).

Shortly after its election, the Thaksin cabinet (2001–2006) dropped the power pool design. Behind this action lay a widespread political scheme that focused on shifting State-owned

enterprises into strategic organisations that would drive Thailand's growth and thrust the country out from underneath IMF loan commitments and a drooping economy. By contrast, Thaksin planned to found a register of proficient State enterprises as public companies. These firms would be united, sold on the SET, motivating investment in the still withering Thai equity market, and, in the process, producing important financial results that could be used to pay off IMF loans.

Thaksin's goal was straightforward: to make SOEs like EGAT into national champions. The step was a populist one that at the surface maintained Thai assets in Thai supervision by setting foreign equity maximums or ownership restrictions (partial privatisation) while also undertaking a privatisation schedule with the purpose of enhancing competition and sector proficiencies[76].

Most extraordinary in the energy sector was Thaksin's remodelling of the formal institutional mechanisms for energy administration. Soon after his election, Thaksin delegated the energy Czar, Piyasvasti, out of NEPO and thereafter created a new Ministry of Energy (MOE) in 2002, retitling NEPO the Energy Policy and Planning Office (EPPO, 1997).

Under these new governance preparations, electricity policy-making roles were assigned shortly into the Ministry, with EPPO lowered and accountable to the Energy permanent secretary rather than to the Minister or cabinet. In doing so, the political rag of EPPO

[76] See also Greacen and Greacen (2004: 527), Chirarattananon and Nirukkanaporn (2006), and Jarvis (2002).

(compared to NEPO) was decreased, with energy policy now solidly regulated inside the executive and under the influence of direct political aspects.

These evolutions placed EGAT at an advantage, permitting it to become visible as a 'National Champion' and, in the process, able to impel skyrocketing power over the MOE and to locate itself strategically inside the redesigning negotiation. The new political atmosphere needed robust Thai companies, 'Champions,' that would encourage Thai enterprise and compete well against foreign companies. Thai nationalism viewed Thai SOEs as possible rescuers against foreign ownership. Disgruntlement toward organisations like the IMF increased because of their perceived role in the economic sufferings Thailand.

Accordingly, EGAT retained political encouragement from the Thaksin administration, and during this time was asked to promote reform of the electricity. The designation of the Boston Consulting Group (BCG) in 2003 to compose a new National Energy Strategy by the MOE, for example, was accepted willingly by EGAT, which had a long-standing relationship with the consulting firm.

As such, the effective advisory role that EGAT depicted in the coming approvals constructed by BCG and selected by the Thaksin authority empowered EGAT to uphold much of the status quo.

The advice of the new National Energy Strategy demanded the execution of an Enhanced Single Buyer (ESB) framework. The model departed little from formerly suggested models. EGAT would be privatised, conserving its monopoly over transmission, and battle directly with IPPs in the generating sector. PEA and MEA would be corporatized and compete in the retail market. Ultimately, the ESB model necessitated the foundation of a strong independent regulator with visibly defined rules, powers, and resources in order to assure enriched competition and disclose monopolistic practices (EGAT, 2008). The policy was to be carried out by 2004.

Despite Thaksin's popularity, the privatisation of EGAT was politically confusing. Public hearings, union considerations, and the growing movement of civil society groups built a robust political movement against EGAT privatisation (Foran, 2006: 40; Thomas et al., 2009: 27). In particular, the September 2005 determination by the Thaksin administration to reorganise and raise electricity tariffs caused widespread repercussions. While the Thaksin government attempted to heighten EGAT's revenues, honing its debt-to-equity ratio and thus share price when it floated on the SET, civil society and consumer groups reckoned the revised tariff structures disproportionate and worried that the advantages of privatisation would be beneficial to Thai consumers (Electricity Governance in Thailand, 2006: 13).

There were also concerns that the privatisation process was not fair and that those serving on the privatisation committee would perchance unsuitably benefit from the privatisation of EGAT. Despite struggles to conciliate adversaries by declaring a halting of the tariff

arrangement for 3 years, the Confederation of Consumer Organisations acquiesced in a plea to the Supreme Administrative Court to adjourn EGAT's share offering. Consequently, the Supreme Administrative Court determined the validity of the petition, finding a conflict of interest among participants in the privatisation committee and ordaining a deferral of the share issue on 17 November 2005. The royal decrees authorising the privatisation of EGAT were subsequently invalidated (Chaivongvilan et al., 2008; Sirasoontorn, 2008: 56-57).

The Inception of the Energy Regulatory Commission, 2007

The anecdote to Thailand's electricity transition attempts does not conclude with the premiership of Thaksin. There was, however, interference from the military coup d'état in September 2006 and the political conspiracies prompting the reinstatement of democracy in December 2007. Strangely, it was during the relative disarray of the post-coup period that legislators eventually authorised the formation of a regulatory regime with the espousal of the Energy Industry Act in December 2007. A new phase had dawned in Thailand's energy sector.

The acceptance of a formal regulatory scenario, and with it an effort to build a system of regulatory governance, was a landmark in the growth of Thailand's progression toward energy sector governance. To some extent, this hasty turn-around was a zenith of several factors. First, the abandonment of the "National Champion" archetype after Thaksin's

power was seized resulted in EGAT losing the political clout and protection that it had formerly experienced. The political ties that had placed EGAT in a comparatively solid position ended. In fact, the exposure of the Thaksin administration mirrored a considerable political body that had rallied against unscrupulousness and patronage, in the process marginalising those individuals and entities that had been perceived to be put in line with Thaksin and his political motive.

Second, the privatisation agenda continued even though there were great concerns over corruption, conflicts of interest, and legal proceedings, although there were requests for greater accountability and transparency. The general feeling was that insider deals, sponsorship, and vested interests had made the sector successful, but at the sacrifice of greater productivity and the national interest. The backlash was so strong that even powerful enterprises such as EGAT were unable to avoid the consequences.

Third, the significance of the energy sector (i.e., electricity, gas, and oil) had been increasingly exalted by escalating energy costs, fears about energy safety, and the awareness that Thailand's energy supplies should be overseen for national profit. In part, a coalition of civil society groups, who preferred transparency and accountability and held the perception that malpractice in the energy sector would have ramifications for national economic evolution, corroborated to enact the Energy Industry Act.

The Energy Industry Act formed a solely regulatory body, the Energy Regulatory Commission (ERC). Fashioned after the UK's Office of the Gas and Electricity Markets,

ERC's directive is wide-ranging and diversified. It is composed of the following (ERC, 2008):

1. Input and inspect Thailand's national energy policy.
2. Insert and analyse the Power Development Plan (historically the exclusive responsibility of EGAT).
3. Appraise and explain the investment projects of the electricity industry, the national gas provisional plan, and the energy network system development plans.
4. Growth and execution of customer service criterions.
5. Expansion and administration of service provision models.
6. Supervision, assessment and administration of licensees in the upstream generation, transmission, and distribution sectors.
7. Progression of regulatory rules and standards related to industry providers.
8. Formation of stakeholder commitment processes and practices.
9. Distribution of conflict of interest instructions for ERC board members.
10. Advance of regulations and criteria for financial allowances, expenditures, and operation of the 'Energy Fund.'
11. Surveillance mandates in regard to IPP and PPAs.
12. Progression of regulations and engineering protection standards concerning industry management and the endorsement of equipment/devices.

13. Administration and evolution of energy user safety protocols, including the designation and running of a ‘Regional Energy Consumer Committees’ (RECC).
14. Guard and inspect electricity tariffs and utilisations for tariff amendment, including the advance of a ‘methodology’ for tariff projection.
15. Surveillance and accountability for the protection and credibility of the power grid.
16. Accountability for fostering competitive policies in the sector.

The ERC has been added to an exceedingly political terrain and is compelled to oversee the activities of organisations amidst a series of institutional heritages and in a political atmosphere that is far from reliable. This affects the form of regulatory governance procedures the ERC might rationally be anticipated to develop. Indeed, there are many impediments to its ability to address risk, develop plausible regulations, or initiate effective regulatory governance mechanisms with transparency, accountability, and sovereignty.

The Influence of the Different Interest Groups

As this research will display, what distinguishes Thai telecommunications from other nations in the region is the number of involved groups vigorously lobbying for or against

metamorphosis. These interest parties have also evolved substantially over time. This study also discusses how the fairly sluggish pace and complexity of Thai telecommunications development results from this controversial combination. This is in contradiction to countries like Malaysia and Singapore, where the number of special interest groups is limited and governments' adaptations are comparatively rare, with only one or two crucial political parties vying for the countries' governance.

Thus far, employing the course of action needed to satisfy the WTO deal has been marked by never-ending political contentiousness. Several more or less self-reliant facets of political stress occur in Thailand, all of which are effective in determining the pace of progress.

A Policy System and an Influential Entrant

The privatisation implementation in Thailand has been delayed because consecutive coalition governments have been fragile and not capable to lead thriving guidance in any policy sphere. Privatisation comprising the divestment of EGAT and MEA embraces the distribution of shares or selling of power plants in a structure wherein persons or groups could gain the most advantage. Hence, any divestment is a vital political concern and the free media of Thailand comprehensively inspect the champions and lemons. EGAT's divestment until IMF encroachment was always perceived to be in the following year's plan, partly because it was a moot process that to a great extent destabilised already weak

government coalitions. Because it was the most influential player in the electric power sector in Thailand, partly because of its previous spot in the government system, EGAT subsumed the majority of development financial resources of the nation. It was the largest public enterprise and was appreciated by politicians as stimulation for financing in elections and awarding contracts. Ten years ago, EGAT had more than 30,000 individuals on staff, with the merged post of EGAT, MEA, and PEA at over 65,000. EGAT's political power has equipped it to oversee the policy of private sector participant in the electricity sector.

The size of EGAT in employee numbers, their scattering throughout Thailand, and the authority the staff to deliver electric power permit them a political benefit no other public enterprise possesses in Thailand. The employees of EGAT are highly efficient and always challenge the conclusions of the Prime Minister of the day, the minister overseeing EGAT and the EGAT board. Without doubt, any Prime Minister must walk cautiously when handling EGAT's well- unionised employees because they have the right to cease the electricity. For the EGAT members of staff, privatisation would not only entail a scaling down in the size of human resources, but also a potential decrease in remunerative prosperities. In addition to free electricity, in 1998 the average annual dividend for EGAT staffs was approximately $1,000 USD.

EGAT workers are well aware of the political force they exert to uphold or take down a minister or a government. Wild exaggerating and interrupting electric power supply could definitely be a reason for a military coup. Thus, EGAT is pampered rather than challenged.

Financial and commercial hardship and the IMF agreements have transfigured the process to some extent.

Electricity advancement has been one of Thailand's most difficult policy domains in part because of privatisation undertakings and because local residents have arranged many marches against the building of dams and contaminating power plants (Bello et al., 1998). While pressure from international organisations nurtures power privatisation in Thailand, it still promises to be a difficult prospect for reasons other than the chauvinistic and self-important attitudes of the electricity workmen[77].

Thaksin's latest government pledged to execute privatisation policies within no more than 3 months of filling the role. Still, the electricity sector unions have expressed an objection that EGAT will not be deprived of the private sector and that foreigners will have a particularly difficult time competing within the system.

Foreign Ownership

In fact, for tycoons in the Thai electricity industry, regulatory variability from policy inconstancy and several policy amendments have increased the risk premium, with investors receiving higher rates of return, rigid contractual assurance, and incorporated

[77] See Goss (2000).

warrants before consigning underwriting funds. This has brought about a high-level cost environment for investors and end users alike. Confusion about policy and constant revisions have caused some investors to pull out.

Interest Groups' Effect on Power Industry Transformation

The historical events of reform campaigns on the Thai energy sector expose the pitfalls of institution shaping in developing countries. Regulatory and policy promulgation in environments where the institutional legacy is frangible and where rule-making and authority arrangements are challenged can be extremely challenging. Thailand's proceedings affirm this. The policy sphere has been undermined and has gone from one set of propositions and managing policies to another, captive to the devices of dynamic political coalitions, the vested interests of major participants such as EGAT, and significant individuals inside agencies like NEPO. The outcome has been policy debate, with energy policy progressively politicised if only because of the deficient certified institutional forums/mechanisms to alleviate competing social powers. As a consequence, the political environment has been the most effective area in which to achieve interests and coerce energy policy.

Indeed, for the political upper classes, such a contentious policy environment has caused manipulation of the political environment. The perils that stem from this have been all too discernible: the burgeoning politicisation of energy policy discourses, the exercise of

litigious and juridical processes to judge controversies and determine policy results, and struggles by coalitions to engage policy procedures and subjugate competing interests. In such a complex situation, the policy outcomes have been regarded as not being in the public interest, which has motivated further policy protest and debate.

The formation of the ERC and the initiation of an approved regulatory regime should, under ordinary contexts, appease regulatory uncertainty and stabilise these social forces. Nonetheless, the ERC's capacity to install itself amid an unstable environment and act upon its regulatory roles cannot be accomplished. The undermined institutional ground, permeable administrative customs, and capacity issues it confronts may not put an end to increasing regulatory risks, but may further institutional intricacy. If any of these components is marred, then the problem of regulatory trustworthiness is lessened. This seems to be the case in Thailand.

The means of reforming the infrastructure in Thailand was in formulating policy. This includes: a) the feature of government leadership, a lame coalition technique; b) interaction with the political system, the prominence of the power sector as a genesis of patronage concerning missions and agreements; and c) links with civil society, especially the ability of labour unions in Thailand in thwarting some alternatives in electric power transformation. Moreover, the network of party alliances and labour interests has also eliminated privatisation to foreigners.

In Thailand, electrical power is an exceedingly vexed domain. The political power of well-structured State workforces at EGAT has instructed that consecutive governments should be synergistic rather than commanding. Although this power retarded the speed of privatisation in the past, political leaders are pressured to thoroughly elucidate policies and ramifications. Privatisation of electrical power is one of the most controversial issues since 1989. No successive government has completed the task. The Thai policy process in privatisation will be more pellucid and publicly debated as the visions of vital stakeholders will have to be evaluated.

The following section explains the world telecom regime's effect in the policy-making process of the political environment.

4.6 World Telecommunications Regime

This section discusses some of the major international factors driving the reform process in the telecommunications industry. I review the role of major international organisations over Thai telecommunications transformations. I then argue that for a large part of the leap era, telecommunications services were partly driven by international pressures for two reasons.

First, despite Thailand's membership in a number of international organisations, its actual involvement remained limited. Second, the status of 'developing country' allowed Thailand to negotiate a favourable schedule of commitments for its telecommunications sector.

This section examines some of the major international factors driving changes in the telecommunications industry across the world. After a brief description of the international telecommunications regime, the first section reviews key supranational actors, like the ITU and the World Bank, and their relevance to Thailand's telecommunications reform process.

The second section discusses Thailand's relationship with supranational actors in the realm of telecommunications. It highlights the importance of the General Agreement on Trade in Services (GATS) and of the WTO on the international telecommunications regime's transformation.

The International Telecommunications Regime

For many years, the international telecommunications regime, embodied mainly by the ITU, remained unchallenged. It provided a multilateral framework reinforcing domestic monopolies and bilateral cartel arrangements that fit well with national governments' grip

over the sector[78]. In the mid-1970s, international responses to technology change triggered reconsideration of the established order (Ruggie, 1975; Mowery & Rosenberg, 1989; Cowhey, 1990: 174). Among the key tenets of the regime that were questioned was the idea that telecommunications services and equipment were best supplied by national monopolies. A professor who holds a regulatory commissioner position at NTC described the Thai telecoms landscape as: 'The old telecommunication regime provided Thailand with a comfortable 'womb' of State sovereignty within which to develop policy at its own pace.' (P.P.)[79]

In addition to the major transformations that ensued in the market structure, telecommunications policy issues took on an international dimension at the beginning of the 1990s, blurring the limit between domestic and international policy issues (Robinson, 1991b). Thus, telecommunications regulations, which were mostly the remit of State authorities, now increasingly fell within the scope of regional and global organisations[80]. Broadly speaking, the key feature of the new international telecommunications regime was competition between firms and countries in the area of international telecommunications services. The integration of telecommunications into the supranational regulatory order also increased the range of actors affecting the evolution of telecommunications policy and

[78] Governments cooperated to maintain a regime based on the overarching principles of national sovereignty, network interconnection and joint service provisioning (Drake, 2000: 124).

[79] Interview (NTC-057), conducted in Bangkok, 2006.

[80] Simpson and Wilkinson (2001: 3-4) argue that telecommunications regulations constitute the emergence of a global system of regulation.

weighed on domestic reform processes (Joseph & Drahos, 1998: 99)[81]. Hills has argued that in the case of LDCs[82], international actors, such as the IMF or the World Bank, played a major role in shaping telecommunications topography (Hills, 1994)[83]. Furthermore, Henisz et al. (2004) found that the coercive effect of multilateral lending agencies has increased over time. Their finding is consistent with evidence that multilateral organisations have broadened the scope of the 'conditionality' terms specifying market-oriented restructurings imposed on borrowing countries.

Telecommunications and International Trade

The international telecommunications regime has been deeply transformed by the U.S.-initiated push to shift the liberalisation agenda from the ITU to the GATS. One of the key reasons behind this transformation was in the emergence of domestic competition (Cowhey, 1990: 169; Feketekuty, 1992: 172). As noted by Cowhey (1990: 172): 'Significant efforts were made to restructure the telecommunication regime by introducing

[81] Indeed, until recently telecommunications operating agencies were concerned primarily with domestic requirements in a purely domestic environment and thus mostly isolated from the globalisation process.

[82] Less Developed Countries.

[83] While those key players pressed governments to reform, providing financial support for the task, the magnitude of their influence on the success or failure to reform is difficult to assess.

competition and granting some jurisdiction over telecommunications to trade institutions that served new political constituencies.'[84]

Until the mid-1980s, trade and telecommunications were viewed as separate realms of activity, both domestically and at the international level. As such, they operated as two distinct and quite different international regimes (Woodrow, 1991: 325-342). In the mid-1980s an extension of international trade issues to services, including telecommunications, began to gain significance and some international organisations, encouraged particularly by the United States, started to confront the problem of defining an open international framework covering foreign direct investment and trade in services (Feketekuty, 1988)[85].

As early as 1995, Drahos and Joseph (1995: 635) argued that:

> The future evolution of telecommunications will be profoundly affected by the emerging supranational regulatory order. This order is characterised by the presence of a hierarchy of players who vie to link principles like most favoured nation and national treatment to certain standards in ways that produce economic gains for them. The integration of telecommunications into the

[84] Cowhey further suggests that in the telecommunications industry, the United States, Japan, and the United Kingdom had enough market power to stimulate global reform when they unilaterally changed their national telecommunications policies.

[85] On the grounds that 'data flows are commodity flows' (Sauvant, 1983: 360). Until then, international economic agreements had traditionally dealt only with trade in manufactured products (Sauvant, 1986; Aronson & Cowhey, 1988; Robinson, 1991a: 808). The fundamental difficulty with telecommunications and data services as a trade-in-services issue is that it is both a telecommunications policy issue and a trade-policy issue simultaneously and interactively. Telecommunications services clearly fall within both the WTO's and the ITU's jurisdiction, and the potential exists for the two bodies to address similar issues from different perspectives (Frieden, 2001: 231-233).

supranational system means that the evolution of telecommunications policy must be understood in a cross-regulatory fashion.

However, the efforts to push communication in the trade arena did not enthuse everyone. While agreeing on the intrinsic nature of the links between information flows and trade flows, various scholars questioned the impact of communication technology for developing countries, reviving the dependency theory[86].

A turning point in the rise of international trade in telecommunications services is without a doubt the signature of the Basic Telecommunication Agreement (BTA) of 1997, although some academics initially downplayed its significance on the basis that most policy changes were taking place anyway (Drake and Noam, 1997)[87]. While it is unnecessary here to revisit the BTA in depth, a number of elements are nonetheless worth reviewing because they directly impact any signatory country of the WTO[88].

[86] See Jussawalla (1982) and Hills (1994).

[87] Negotiations on the Annex on Telecommunications and the specific commitments to value-added services were completed in December of 1993 and entered into force on 1 January 1995 at the same time as the rest of the GATS. Negotiations on basic telecommunications services did not conclude until 15 February 1997 and did not enter into force until 5 February 1998.

[88] See Cowhey and Klimenko (2001) for a treatment on the BTA and telecommunication reform, and Wunsch-Vincent (2004) for a detailed analysis of GATS and telecommunications.

GATS [89] and the Reference Paper

Regulatory disciplines specific to telecommunications services are primarily found in the GATS Annex on Telecommunications, which applies to all WTO Members, and in the Reference Paper (RP) on regulatory principles drawn up by the WTO Negotiating Group on Basic Telecommunications (WTO, 1999a: 3-4)[90].

The General Agreement on Trade in Services (GATS) is the WTO instrument governing trade in telecommunications services. The GATS can be summed up as a set of fundamental principles: progressive liberalisation through binding commitments in schedules; non-discrimination and transparency; regulations that are reasonable, objective, impartial, and not more burdensome than necessary; competition safeguards aimed at the realisation of obligations and commitments; and flexibility in recognition of national

[89] The GATS regime is composed of three major elements. The first one is the Framework Agreement, which includes fifteen principles or General Obligations and Disciplines, such as most-favoured-nation status, that usually applies to national commitments. The second component of the GATS regime is the eight annexes. These clarify or modify how the general obligations apply to issues unique to certain services sectors and modes of supply and establish the legal basis for future negotiations on them. The third component of the GATS is the National Schedules in which governments list their commitments (Drake, 2001: 39).

[90] The Reference Paper is used as a basis for additional commitments in schedules where, if included, it becomes legally binding on the Member concerned. The core obligations of the Telecommunications Annex are contained in paragraph 5, entitled 'Access to and use of Public Telecommunications Transport Networks and Services' (essentially regarding basic telecommunications that are required, explicitly or in effect, to be made generally available to the public). Paragraph 4 of the Annex obliges governments to ensure the transparency of 'information on conditions affecting access to and use of' basic public telecommunications. Regarding technical standards, paragraph 7(a) of the Annex states, 'Members recognize the importance of international standards for global compatibility in inter-operability of telecommunication networks and services and undertake to promote such standards through the work of relevant international bodies, including the International Telecommunication Union and the International Organization for Standardisation.' The vast majority of regulatory measures scheduled by Members, in accordance with the Additional Commitments provisions of GATS Article XVIII, involve the Reference Paper.

sovereignty and economic development needs (Tuthill, 1997)[91]. There are several GATS mechanisms that directly influence the members' regulation of the telecommunications sector: (1) GATS Article VI, a general obligation regarding domestic regulation; (2) the Annex on Telecommunications, a general obligation regarding access to public telecommunications networks[92]; (3) specific commitments to provide market access (Art. XIV) and national treatment (Art. XVII); and (4) the Reference Paper (RP), specific commitments to be applied to major suppliers of basic telecommunications services (see Table 4.1) (Wunsch-Vincent, 2004).

The objective of the Reference Paper is twofold. First, it aims to provide foreign service providers with regulatory safeguards to guarantee that monopolies or former monopolies do not abuse their market power to undermine competition. The concern is not about the existence of monopoly per se, but about the anti-competitive practices of major suppliers in a particular market[93]. Second, it aims to provide a cohesive set of regulations in order to minimise the condition of asymmetric regulation. From an international telecommunications law perspective, the Reference Paper is the first document to contain a set of rules in relation to telecommunications regulation. As such, it provides policy-makers in developing countries with a road map as to how to restructure or establish a

[91] During the Uruguay Round, the negotiators developed four 'categories' of services to further define their basic telecom commitments: geography (local, long distance, and international); technology (wire-based or radio-based, including satellite); delivery (facilities based or on a resale basis); and clientele (for public use or non-public use (closed user groups)). Unless otherwise specified, a specific commitment for any of the telecommunications sub-sectors includes all four categories.

[92] During the Uruguay Round, Members agreed to include the Annex on Telecommunications as part of the GATS and 48 Members submitted schedules offering specific commitments to liberalise trade in telecommunications services.

[93] Six main objectives in support of competition were debated: regulatory reform, interconnection, structural and accounting separation, number portability, pricing policy, and accounting rate reform (Petrazzini, 1996b: 6).

regulatory framework (Guermazi, 2000: 1-5). The document aimed to address the issue of the dominance of the incumbents and to ensure that competitive conditions were created. Nevertheless, national policy-makers remain free to adopt a variety of criteria in the granting of licences, as long as they are public and transparent (Blouin, 2000: 137, 140).

Shortcomings and open issues

Warren (1998: 94) has argued that, to achieve complete liberalisation, the scope of telecommunications negotiations needs to broaden to allow reformers to build cross industry coalitions of interest. In addition, the WTO binding agreement; ***see Table 4.2*** does not satisfactorily address either the issues of subsidies and safeguards, or the problem of international pricing for telecommunications services (Warren, 1998: 94; Drabek, 2002: 57). Another open issue is whether the duty of non-discrimination applies to an intra-country basis. In other words, would the WTO require its members to ensure that domestic network providers give access to domestic competitors on the same terms it itself enjoys (Naftel & Spivak, 2000: 104)[94].

[94] In 2004, the WTO issued a ruling on competition policy, which clarified this aspect. First, the term 'anti-competitive practices' has been given a wide interpretation, following standard competition policy analysis, and has not been restricted to the illustrative list contained in the Reference Paper. Second, the panel stated that actions mandated by law were to be judged under the standard of anti-competitive behaviour, and might not be excused from competition standards as is sometimes the case in national competition laws. Thirdly, the Reference Paper entails a commitment to maintain appropriate measures to prevent anti-competitive practices by a dominant supplier (Hauser, 2004).

WTO and ITU

On the surface, the WTO and the ITU have complementary roles[95]. The two institutions have actually initiated cooperation in the field of accounting rates reforms. However, given that multilateral telecommunications rules will be needed, they will be provided by the WTO, other trade institutions, and a diverse range of private sector-led standards bodies, rather than by the ITU (Drake, 2000). In fact, the BTA is designed to accelerate a movement away from the 'old ITU system' - based on exchanges among sovereign national monopolies and heavily weighted with subsidy policies - toward a market-based international order allowing foreign entry into home markets and promoting competition (Naftel & Spivak, 2000: 92).

During most of the 1990s a debate raged between those arguing that the international telecommunications regime would outpace governments' ability to keep abreast of developments and put an end to the monopoly of States in telecommunications policy-making[96], and those who did not believe in a single regulatory trend imposed by the regime (Vogel, 1997).

[95] The former is best equipped to deal with international commercial issues that arise in the context of competitive markets and the relationship between competitive and non-competitive markets. The latter best deals with issues that arise from the operation of an international communications network, and the relationship between non-competitive suppliers (Feketekuty, 1988: 255).

[96] See Robinson (1991b) and Joseph and Drahos (1998).

For Levi-Faur (1997), the BTA created a regulatory environment in the extra-national arena. It is not about the seclusion of politics but about the development of a two-level political structure which enforces and promotes competition.

At the same time, a number of authors (Mody & Tsui, 1995; Strange, 1996) have hinted at the changing role of the State in the field of telecommunications, arguing that State-capital relations were being transformed and the State versus market balance had tilted in favour of the market in many countries.

The BTA negotiation acted as a reminder that globalisation was neither preventing governments from playing a major role in regulations, nor entailing the abdication of national authority to international institutions. Rather, the BTA's regulatory principles put national governments under significant obligation to use their competition powers to curb anti-competitive behaviour by incumbent large carriers (Cowhey & Richards, 2000: 283)[97]. The telecom negotiations underscored the importance of three trade concepts: the most-favoured nation (MFN) principle, the national-treatment principle, and market access (Petrazzini, 1996b: 14)[98]. But, rather than requiring countries to liberalise fully and immediately, GATS established a process by which countries are channelled in the direction of liberalising trade in services. The agreement highlights the fact that telecommunications trade is now a multilateral, not a bilateral 'affair' (Tarjanne, 1999:

[97] The BTA is also the first multilateral agreement to adopt competitive safeguards in industrial and developing countries.

[98] See also Braga et al. (2002: 8).

58)[99]. It attracted widespread attention because it succeeded, on a large scale, in establishing the free trade principle in an area previously closed to foreign intervention (Wang, 2003: 272). However, it is important to underline that the Fourth Protocol is only a skeletal document and that the essence of the BTA is to be found in the range of national schedules of commitments, including the crucial dimension of market access[100].

The International Telecommunication Union (ITU)

In the past, it was possible to view telecommunications policy issues solely from a domestic perspective, with the International Telecommunication Union (ITU) acting as an international forum for developing the necessary standards and protocols for interworking between independent domestic networks, and for developing the necessary administrative arrangements for such matters as revenue sharing (Robinson, 1991a: 804). Composed almost entirely of countries with State-owned monopolies for telephone service, the body has performed these functions well and the global telecommunications system has evolved in a generally cooperative environment. While the ITU still carries out the important

[99] Conversely, Vogel (1997) notes that in telecommunications (and finance) there has been no single global trend toward regulatory laxity or regulatory subsidy and that national authorities will continue to have difficulty in shifting regulation to the international level.

[100] The WTO negotiations in basic telecommunications did not take place in the usual context of a multi-sectoral and multi-issue round of negotiations. Although this had, of course, been the original intention, failure to complete the negotiations before the end of the Uruguay Round effectively turned basic telecommunications into a single-sector negotiation. This tended to divide countries into those that looked for export gains and those whose focus could only be the conditions of competition in the domestic market (Low & Mattoo, 1998: 20).

activities of coordination and standardisation, it remains essentially a technical and regulatory body[101].

The World Bank

The World Bank became involved in the telecommunications sector through its support for privatisation. Beginning in the early 1980s, mainly in developing countries, the World Bank's lending operations supported the privatisation of many State-owned telecommunications enterprises (Braithwaite & Drahos, 2000: 346; Intven et al., 2000: 1-8). It is said to have wielded enormous influence in the restructuring of telecommunications in developing countries through its research and contributions to developmental telecommunications policy discussions. Through its advisory and lending capacities, it has helped to institutionalise regulatory policies in countries moving toward a market model of telecommunications (Urey, 1995: 114; Drahos & Joseph, 1995: 625). However, the VP of operations department at TOT saw the international forces on SOEs as: 'Despite international pressure to privatise the State monopoly on telecommunications

[101] The functions of the International Telecommunication Union (ITU) are organised and carried out in three areas of work, referred to as sectors. These are radiocommunications, standardisation, and development. Of these, both the Radiocommunication Sector and the Telecommunication Standardisation Sector play an important role in the development of internationally agreed standards and other national regulatory measures. For its part, the Development Sector (ITU-D) has primary responsibility for activities aimed at facilitating and enhancing telecommunications development by offering, organising, and coordinating technical cooperation and assistance in five major areas - sector reform, technologies, management, finance, and human resources. Some of the instruments, which are the basis for and that also result from ITU activities, such as the Radio Regulations, have legally binding obligations to its Member States. In its work on standardisation, ITU-T has recognised the implications of a worldwide trend toward a 'market-driven' approach, and the increased involvement of the private sector in the standardisation process (WTO, 1999a: 17).

and broaden market forces that originated at the World Bank, the impact of its cooperation in the telecommunication sector is minimal.' (C.S.)[102]

Thailand's Relationship with International Players

Conversely, the main influences causing the shift in Thailand's international attitude were coming from the country's huge domestic transformation. The international environment and pressure have been relatively minor factors in forming and changing Thailand's foreign policy-making, such that the TOT corporate strategy executive commented that: 'Much of the evolution in Thai policy and attitude toward international market norms is a result of Thailand's participation in global and domestic markets per se, not of the influence of multilateral institutions.' (A.T.)[103]

In regard to globalisation forces, one former MOTC deputy explained that: 'Like in many other countries, Thailand's telecommunications-operating agencies were isolated from the globalisation process and concerned primarily with domestic requirements well into the 1990s.' (D.C.)[104]

[102] Interview (NTC-057), conducted in Bangkok, 2006.
[103] Interview (TOT-012), conducted in Bangkok, 2006.
[104] Interview (NTC-052), conducted in Bangkok, 2006.

Among the major multilateral economic institutions that make up the global economic regime, those relevant to Thailand include the World Bank, the IMF, and the WTO. Thailand has gained membership in all of them.

A former postal executive at PTD who was elected as a national regulator described that: 'Restructuring national policies and institutions and internalising practices, principles and standards to accommodate the exigencies of the world economy has become an inevitable process for Thailand to rejoin the global economic system.' (R.L.)[105]

Thailand's Role in Regional Bodies

In addition to global institutions, there are at least six bodies in the Asia Pacific that aim to promote regional cooperation on telecommunications issues[106]. APEC is the sole regional body with the governmental authority to pursue coordinated liberalisation and one of the most advanced in terms of substance, delivery of outputs, or stakeholders' involvement (Warren, 1995: 16-17). Through APEC's Telecommunications Working Group (APEC Tel), it is pursuing a number of activities regarding the regulatory aspects of international

[105] Interview (NTC-056), conducted in Bangkok, 2006.

[106] The Asia Pacific Economic Cooperation process (APEC); the Pacific Economic Cooperation Council (PECC); the Pacific Telecommunications Council (PTC); the Asia Pacific Telecommunity (APT); and the Asian ISDN Council. For example, APT launched its Asia-Pacific Telecommunity Standardization Program (ASTAP) in February 1998 to promote and coordinate expert activity in telecommunications standardisation across the Asia-Pacific region.

trade in services. It has completed a report on the legal and regulatory issues pertaining to electronic commerce[107].

While some international organisations began to confront the problem of defining an open international framework covering foreign direct investment and trade in services, Thai leaders kept considering telecommunications services as a combination of domestic and international issues. Like other developing countries in Asia, fiscal crisis or debt burden forced the government to adopt a liberalisation programme dictated by multilateral lending agencies.

4.7 Liberalisation of the Thai telecommunications industry

Efforts to move to full liberalisation of the Thai telecommunications market had outstanding success by the mid-1990s (Petrazzini, 1995), although they were still slow enough to frustrate private capitalists and operators.

The coalition (mainly the military, labour union, and high-ranking officials) resisting the dismantling of the telecommunications State monopolies was conclusively overwhelmed and

[107] Instigated in 1990, APEC Tel's agenda included the introduction of region-wide standards, intra-regional technology transfer, infrastructure development, and accelerated trade and investment liberalisation to create an open, multilateral trading system.

yielded to internal political and business pressures, combined with relevant international trade agreements and pressure from international agencies (Niyomsilpa, 2000).

Yet the liberalisation of the Thai domestic telecommunications markets set for October of 2000 missed several deadlines and continued to meet obstacles well into 2001. To a great extent, political wrangling and the sequence of forms and procedures for bureaucratic approval in the process of establishing the new telecommunications regulating body, the NTC, were to blame for the added delay to eventual market deregulation. This process was oppressively complex and time-consuming.

A government telecommunications agency such as the TOT has few incentives to move abruptly towards liberalisation. By 2000 its regulating power had been dismantled and it had become only a service provider. However, the organisation was still accepting a considerable share of revenue from private concessionaires of many build-transfer-operate (BTO) concessions, as many as 30-40 percent in some cases. Consequently, while the country waited for the formation of the NTC, only five out of 36 concessions granted to private operators by the TOT, CAT, and Ministry of Transport and Communication (MOTC) were in the process of conversion, though it had been planned to be complete by the end of 2000 (Plengmaneepun & Jullayothin, October 5, 2000; Prateepchaikul, 2000a).

Agreement on the terms of conversion was not reached by the State agencies, who were to give concessions. Thailand's telecommunications liberalisation went without much success through another development in its administration in 2001.

The transfiguration of current BTO concessions is considered instrumental in the liberalisation process of the Thai telecommunications sector, in that it is forecast to oblige all telecommunications service providers to offer suitable conditions for competition to operate and to make sure that it does, to prepare for the full liberalisation in 2006 that the WTO agreement entails.

By converting the concessions, both the government and the concessionaire must agree to abandon the BTO revenue-sharing plan, on condition that the concessionaire pays an agreed-upon amount to the government to compensate for the revenue share to which the latter is entitled to during the period of the concession. After the compensation is paid, the concessionaire is free to apply for a new operating license from the new regulatory body, or go into a joint venture with the State agency that formerly granted it the concession. Within the existing BTO system, there is a great range of revenue-sharing terms among the concessions given to private operators by the TOT, the CAT, and the MOTC.

The revenue-sharing (build-transfer-operate) system had been chosen as standard by the Thai government in the late 1980s as a solution to a legal issue; it accommodated several interest groups, adjusting each slightly so that they could exist together. The BTO also provided opportunities for private investment and private participation in operation to speed up the sorely needed expansion of the telecommunications infrastructure, while allowing the State monopoly to continue.

The concession conversions would have locked many BTO concessions into licensed agreements or joint ventures between the private operators and the SOEs, believed by many concessionaires to be unjust forms of competition. The Thailand Development Research Institute put forward a concession conversion framework, advising that the private businesses that had received concessions to offer telecommunications services should pay lump sums in compensation to the government before the conversion, calculated on the basis of projected revenue until the end of the concession period (Prateepchaikul, 2000a). However, because the lump sums would be substantial and some concessions would run as long as 30 years, it is not surprising that the TDRI framework was rejected by the private operators[108].

Disagreements between the TOT and the concessionaires over the term of compensation prevented any concession conversions by mid-2001. Through the series of BTO concessions granted to private operators during the 1990s, the private sector in Thai telecommunications finally began to operate.

Local telecommunications businesses prospered as the Thai economy experienced greater liberalisation with an abrupt upsurge in the telecommunications industry. Additionally, as the political systems became more democratic and civilian-led political parties gained more authority over the traditionally powerful military, capitalists' influence significantly increased.

[108] After Thaksin took office in early 2001, there was a hint of a new conversion framework that proposed compensation payments by the concessionaires on the basis of projected revenue until the year 2006, instead of the end of the concession period.

Political associations and capitalists strengthened their alliances to insist on more open markets and more opportunities for private involvement in the telecommunications industry. Towards the late 1990s, the business sector grew into a daunting force in the Thai policy-making process, while the military was edged out of telecommunications politics.

As the Thai policy scholar in the field of telecommunications, Sakkarin Niyomsilpa (2000) reports, the Thai telecommunications industry cut through the struggle for power between pro-restructuring and anti-restructuring alliances, each of which included variable coalitions and changing attitudes to issues of privatisation and liberalisation.

The issue of telecommunications politics and the interactions between interest groups are discussed in greater detail in Chapter 5. The next section describes the constitutional amendments on telecommunications law.

4.8 Constitutional Amendments

The 1990s was a politically turbulent, economically trying and ideologically rejuvenating decade in Thailand. Public reactions to the May 1992 bloody clampdown on the pro-democracy protesters were a landmark in Thailand's modern history. When the government forbade any news or information on the coup to be published during the crisis, it provoked strong popular criticism of government's seeking to control national networks. Public anger

over the military junta's crackdown on information during the crisis spurred the rising spirit of political democratisation in the early 1990s.

After the successful overthrow of the junta in 1992, the Thai public wanted to make sure that the election in September of 1992 would be free and fair.[109] The political discourse surrounding the May 1992 clash echoed the issues of the public right to information, individual rights and freedoms, government transparency, the empowering of local authorities, citizens' rights to participate in the decision-making process, and free and fair elections.

For most of the 1990s, up until 1997, a new constitution was being sketched, starting in public debates and input from different segments of society. Once completed in 1997, the new constitution revealed several progressive democratic elements concerning citizens' rights and State responsibilities. New principles concerning individual freedoms included, for example, the individual right to public information (Article 58), to engage in the decision-making process of the State (Article 60), to file petitions and be informed of the result (Article 61), and to sue a State agency or authority (Article 62). With respect to State policies, the new centrepiece included the State's responsibility to allocate an adequate budget for the independent administration of the Election Commission, the Ombudsmen, the National Human Rights Commission, the Constitutional Court, the Courts of Justice, the Administrative Courts, the National Counter Corruption Commission, and the State Audit Commission (Article 75); to encourage a free economic scheme through market forces

[109] The results of the May 1992 election were perceived to be manipulated and tainted by massive vote buying.

(Article 87); and to decentralise powers and provide equitable public utilities and facilities and infrastructures (Article 78).

Among the vital new features in the 1997 Constitution were those concerning the development of the telecommunications and information industry, spelled out in Articles 40 and 78. These two were consistently quoted to be extremely important by a number of interviewees, such as industry experts and policy-makers.

Article 40 was fundamental in setting a new direction for the development of Thailand's telecommunications, media, and information industries. It set a new standard and framework for regulations. More significantly, it put an end to Thailand's long tradition of State control over these resources by stipulating the establishment of a new, independent regulatory body. This agency would manage frequency allocations for radio and television and supervise the telecommunications business under a free and fair competitive regime[110]. By shifting the regulatory authority currently distributed among several State agencies, namely the CAT, TOT, and MOTC, to the new independent body, the State monopoly over Thailand's telecommunications industry was set, at least in theory, to be effectively dismantled.

Article 40 stated that transmission frequencies for radio or television broadcasting and radio telecommunications were national telecommunications resources for public benefit. An independent regulatory body should be charged with distributing the frequencies listed in

[110] Due to pressure from media activists, colleges or universities, and non-governmental organisations, agreement to establish two regulating bodies was reached: the National Broadcasting Commission (NBC) would regulate the broadcasting industry and the National Telecommunications Commission (NTC) would regulate the telecommunications industry.

paragraph one and should supervise radio and television broadcasting and the telecommunications businesses, as provided by law.

In carrying out the act under paragraph two, regard should be paid to the public benefit at national and local levels in education, culture, State security, and other public interests, including fair and free competition. In conjunction with this Article, the Radio and Television Frequency Allocation and Telecommunications Services Act of 2000 was approved by the cabinet in March 2000. Article 78 put an end to Thailand's century-long tradition of centralised government power. It emphasised the decentralisation of administration, empowered local authorities, and stipulated the equal right of all citizens to public utilities, facilities, and information infrastructures.

Article 78 states that

> The State shall decentralise powers to localities for the purpose of independence and self-determination of local affairs, build local economics, public utilities and facilities systems and information infrastructure in the locality thoroughly and equally throughout the country as well as acquire into a large-sized local government organisation a province ready for such purpose, having regard to the will of the people in that province.

In September of 2000, the cabinet approved the Universal Access Act. It was then outlined as a by-law to this Article of the Constitution (NITC, 2001). Within the context of separation between regulating and operating authorities and stipulation of the State's responsibility to distribute equitable access to information infrastructures, Article 87 puts forward a method of attaining these goals: that of free competition.

Article 87 states that

> The State shall encourage a free economic scheme through market force, ensure and supervise fair competition, protect consumers and impede direct and indirect monopolies, repeal and refrain from enacting laws and regulations controlling businesses which do not correspond with the economic necessity and shall not engage in an enterprise in competition with the private sector unless it is necessary for the purpose of maintaining the security of the State, preserving the common interest, or providing public utilities.

Nevertheless, as stated in the latter half of this Article, although free competition is specified as the main driving force of the economic system, the engagement of the State in economic undertakings can still be preserved in protection of the public interest and in the provision of public utilities. Remarkably, after the 1997 economic crisis that set the Thai economy back many years, competition was broadly advised as the most powerful, if not the only, ideological and economically practical force in Thailand's future economic strategy.

4.9 Readjustment of 8th NESDP (1998-2001)

The 1997 economic crisis, precipitated by the failure of Thailand's financial sector, caused the country to re-appraise and rethink its economic strategy. From the pre-crash mode of easy lending, lax fiscal discipline, and relatively opaque management - a style branded 'crony capitalism' – there was intense pressure from foreign investors and the International Monetary Fund (IMF) for more clear management and fiscal policies.

Despite its attempt to protect the value of the baht, the Chavalit government was unable to deal successfully with currency speculation and lost most of country's national reserves ($37 billion USD). Accordingly, Thailand was forced to ask for support from the IMF. In exchange for the rescue package ($17 billion USD), Thailand subjected itself to IMF austerity measures and extensive economic restructuring.

Following its acceptance of the rescue package, Thailand readjusted its Eighth National Economic and Social Development Plan (1996-2001). Among the key measures for economic restructuring was a measure to increase the part played by the private sector in the economy by reducing the State monopolies, privatising State enterprises, and adjusting and prioritising infrastructure development plans within budget limitations, through increasing investment, and management efficiency (NESDB, 1998, chapter 1).

Furthermore, stopping the operation of 56 financial firms was presented as an instantaneous official action taken to restore the economy and investors' confidence in the financial sector

(NESDB, 1998, chapter 3). Thailand met other IMF conditions to improve economic efficiency as follows:

1. Building a well-adjusted macroeconomic and investment framework for the next period (1997-1998) to comply with IMF agreements and the country's economic and social revival plan in the last three years of the Eighth Plan (1999-2001).

2. Recognising the importance of economic sustainability by providing appropriate policies and measures to revitalise the financial sector and create fiscal discipline in both the short and long term.

3. Accelerating the structural transition from a labour-intensive economy to a value-added economy by employing science and technology in preparation for the changing global economic environment. (NESDB, 1998, chapter 4)

As part of the third condition, augmenting private investment levels through the privatisation of State-owned enterprises was recommended in order to reduce the State's monopoly and boost its revenue, thus reducing its investment burden and strengthening the economy. The readjusted Eighth Plan suggests clear-cut legal preparations to support the measure, including the development of a Privatisation Master Plan and a Corporatization Law (NESDB, 1998, chapter 3).

4.10 WTO: The Basic Telecommunications Agreement (BTA)

Thailand is a member of the World Trade Organisation (WTO) and a party to the General Agreement on Trade in Services (GATS). Telecommunications is one of the ten industries that Thailand agreed to liberalise. The Basic Telecommunications Agreement (BTA) began a process initiated in 1994 to extend the GATS commitment to voice telecommunications. The BTA negotiation was concluded in February 1997, with 69 countries signing the agreement and 61 countries committed, in whole or in part, to the 'Regulatory Reference Paper' (Kelly, May 6-7, 1999).

Thailand was one of the few countries among the 75 by the end of 2000 to agree to accept the Reference Paper in part. However, Thailand was under increasing pressure to accept it in full, not only because of its membership in the WTO but also because of pressure from its regional partner organisations, such as ASEAN and APEC (Xavier, October 2, 2000).

The Regulatory Reference Paper contained agreements on the following key regulatory principles:

1) Competitive safeguards - Appropriate measures shall be maintained in order to counteract anti-competitive practices by suppliers in telecommunications such as engaging in anti-competitive cross-subsidisation and withholding information from other suppliers which is essential in providing services.

2) Interconnection - A supplier providing public telecommunications transport networks or services must allow the users of another supplier to communicate with its users and to access services. In brief, interconnection must be provided under non-discriminatory terms, as cost-oriented, apparent, and timely. Beyond what has been stated, additional network termination points must be offered to the majority of users upon request at cost-oriented rates. The procedures and rates of interconnection must be made available publicly. Ultimately, a service supplier requesting interconnection with a vital supplier must have recourse in the case of dispute.

3) Universal service obligations - Universal service obligations are left to the discretion of member States and should be no more burdensome than necessary.

4) Licensing criteria - Authorising criteria must be made publicly available and the process of them transparent.

5) Independent regulatory authority - Independent regulatory authority must be routed to isolate regulatory from operating functions.

6) Allocation and use of scarce resources - The procedures for allocation and use of scarce resources must be objective, timely, transparent, and non-discriminatory (Kelly, 6-7 May 1999; Xavier, October 2, 2000).

The BTA came into effect on February 15, 1997 and its implementation began on April 5, 1998. However, in the case of Thailand, October of 1999 was originally agreed upon as the time limit for full liberalisation of domestic telecommunications markets, but due to lack of readiness in the State and private sectors, the target date was deferred to October of 2000. For full liberalisation of its international telecommunications markets, Thailand has been working to comply with the 2006 deadline.

4.11 Telecommunications Master Plan (1997-2006)

Thailand's Telecommunications Master Plan struggled through a series of political developments, having been proposed, scrapped, and revised numerous times until its final draft was approved in November 1997. Even after the approval, which followed the economic crisis, revision of the plan was sought by the previous MOTC minister, Suthep Thueksuban, who argued that the plan was not suitable for the developing economic situation (Prateepchaikul, 1999a).

The main goals set in the Master Plan were in accordance with the policies described in Table 4.2. The Master Plan specifies pivotal policy implementations as follows:

1. Create National Telecommunications Commission (NTC) and a National Broadcasting Commission (NBC).

2. Privatise the TOT and CAT.

3. Convert concessions that have been awarded to private operators for an official operation in the telecommunications sector.

4. Open the telecommunications market (Rattananuban & Somboontanon, October 2, 2000).

Concluding Remarks

This chapter has demonstrated the historical context for the regulatory framework of Thailand's telecommunications and discussed the political and ideological context of its telecommunications restructurings. It has also described the early stages of development of ICT in Thailand during the early to mid-1990s. The next chapter examines in greater detail the regulatory aspects of the Thai ICT industry. It analyses the role of the State, government agencies, and the tensions between State monopoly and market competition in the late 1990s.

CHAPTER V

THE POLICY POLITICS OF THAI TELECOMMUNICATIONS

5.1 Introduction

This chapter follows the above telecommunications politics with an emphasis on the latter half of the 1990s. The analysis focuses on the interactions among distinct interest groups in the Thai telecommunications political landscape, showing how they entered the scene and how they influenced telecommunications development and other groups in the process.

This section presents evidence that Thailand's telecommunications policy-making is shifting from a closed arena to an agora, where a multitude of actors tend to take advantage of the policy process by inserting ideas through the channel of politics. Unfortunately the increase in the number of stakeholders in the policy-making process has blurred the functions and responsibilities of the Thai State. It has resulted in the agency's incapacity to thoroughly restructure the telecommunications sector.

The first section of the chapter gives a detailed examination of the function of NECTEC and NITC in ICT policy politics. The next section investigates the relationship between telecommunications deregulation and bribery, with an example selected from a key infrastructure project.

The latter part of the chapter sheds light on the rise of corporate influence in the political evolution and interference in the telecommunications business over the formation of the new regulatory body, the National Telecommunications Commission, and the new element of democratic interests in Thai telecommunications politics.

Nonetheless, the privatisation of the Thai telecommunications industry itself took shape as a root cause of corruption (Niyomsilpa, 2000). Because telecommunications infrastructure projects in the 1990s involved capital for the ground-breaking phase, liberalisation in the industry created an opportunity for lobbying by in many interest groups, bureaucrats, politicians, and local capitalist leaders (Phongpaichit & Baker, 2000). While liberalisation provided new opportunities for heavy-capital business activities, the rise of democratic politics brought in new political alliances, which were heavily factionalised and not unified by any strong political ideology. Together, these two forces set the stage for illegal and corrupt undertakings through the alliances of capitalist and political factions; these affected the growth of government telecommunications licensing and the bidding for BTO contracts and other regulatory developments.

At a time when economic prosperity no longer appeared beyond reach and foreign capital flooded the local economy, growing democratic politics expanded the scope of interplay between new political players, new political groups, and new policy agendas (Phongpaichit & Baker, 2000). Having economic growth as a common goal, policy-making technocrats, empowered politicians, and more and more prosperous capitalist groups shaped a pro-liberalisation coalition. As Phongpaichit and Baker (2000) argued, this provided a fundamental element that led to Thailand's 1997 economic downfall as these interest groups tended to compete for the group benefits more than the advantages of the country and Thai people. Phongpaichit and Baker (2000:31) noted that, from the viewpoint of the political economic environment in which domestic and foreign forces interacted and interest groups competed, the Thai economic crisis was not simply a result of policy mistakes, nor of the inherent shortcomings of its economic model, but rather the 'systematic disordering of economic policy-making as a result of economic growth, neoliberal-inspired financial liberalisation and democratisation.'

5.2 NECTEC and NITC

Perceptions of NECTEC and NITC

The mixing of regulating and operating functions has been an integral part of Thai telecommunications history and has caused multiple problems. The National Electronics and Computer Technology Centre (NECTEC) was a young State body designated to guide the development of the emerging information and communications technologies (ICT) sector. Established in 1987, NECTEC came into the national telecommunications arena as an independent State authority staffed with highly educated, often Western educated, personnel. It was to be a new think-tank for the country, conducting research and development in electronics and computer and information technology. With this progressive image, NECTEC was anticipated to act as a representative of a new generation of State agencies that would be less prone to Thailand's usual political manipulation and bureaucratic politics like the TOT and CAT.

In the highly politicised environment of the 1990s, in which scandals about corruption and irregularities involved several national infrastructure projects, NECTEC experienced mixed reviews of its performance as a new State policy think-tank. National ICT projects such as SchoolNet and GINet, operated by NECTEC under the policy guidance of the National Information Technology Committee Secretariat (NITC), were re-appraised by many as unsuccessful (discussed in Chapter 6). NECTEC may have been under-appreciated; it did not

receive due recognition for its leadership in national ICT development, being as viewed as weak, bureaucratic, and unfocused. In addition, as a policy body, NITC was unfairly reassessed as not independent enough and reluctant to stand up to political powers, hence rendering it unable to make a real difference.

Yet, NECTEC and NITC were concluded to be the best recourse available in Thailand's politically-charged policy environment. Former executives at NITC described the ideal role of NITC as a policy think-tank and an inter-ministry and private sector systematiser. But in practice, NITC had also been responsible for administering several jump-start operations, a responsibility the agency itself did not want. Critics pointed to the close relationship between NITC and NECTEC as problematic, given that NITC was predicted to be the body solely responsible for national ICT policy guidelines. It was a body formed from NECTEC, which also supplied its personnel.

With this history of agency formation and intertwined functions with NECTEC, the NITC was in a poor position to disengage itself from organisational bias and interference from special interests. The central problem in the organisational location of the NITC (within NECTEC) was that there was no division between the scope of policy and its operational implementation, since this was a basic tenet of its management.

Owing to this, the agency could not reach particular long term goals while retaining its functional responsibilities because of conflict between its two roles. The situation was made more severe by the fact that NITC and NECTEC also acted as regulatory bodies in designing

industry standards, as commercial providers in trading software, and in establishing the commercial ISP Internet Thailand.

In this respect, the improperly intimate or interconnected relationship between NECTEC and NITC and the twofold function of the paired agencies made them similar to the Telephone Organisation of Thailand (TOT), the State agency that was often accused of having vested interests.

Furthermore, the opaque roles of NECTEC gave rise to a number of queries about its level of skill or intelligence and incisiveness in dealing with and treating problems, from guiding R&D to forming policies (through NITC) and working on a vast number of minor proposals. Some experts indicated that several of NITC/NECTEC's pioneering undertakings were not producing the intended result but were operated more like vitrine. Nonetheless, the actual issue seems to have been the competence of the TOT, for all practical purposes, to cope with all of its own projects. Some pundits considered NECTEC and NITC to be vague in focus and too wide in range of their functional coverage.

NECTEC and NITC executives responded by citing lack of manpower and insufficient budget. The official staffing for NECTEC was originally set at 99 permanent positions. Nonetheless, with its workload and budgetary independence, the agency was able to create extra positions to meet demand.

The number of NECTEC employees in late 1998 was 400, four times the inaugural allocation. Yet, the NECTEC director claimed that the agency had to respond to policy agendas imposed on it from many directions, in particular government ministries, often in a haphazard fashion and without prior consultation, making it hard for the agency to respond in the most effective manner.

The independence of NECTEC and NITC was critical. Having the status of independent State agencies with relative freedom to spend their budgets, NECTEC and NITC were considered susceptible to exploitation (e.g., the use of budgets for organisational or special interests). At the same time, the two agencies had relative freedom to build technologically efficient and cost-effective public networks that would have stimulated the expansion of access in the early stages of ICT development. Instead, they put their efforts into producing sophisticated technology (e.g., multi-media, Software Park) that tended to benefit commercial interests rather than the public as a whole.

Observers in favour of either free public access to the information network or free and fair competition pointed to the engagement of NECTEC in commercialising Thailand's Web access as an overextension of their responsibilities. To observers from these two camps, the commercialisation of Thai Cyberspace was either done too soon or done improperly. NECTEC and NITC supporters re-examined NECTEC's warranted commercial initiative, given that no other agencies were equipped to take on the project. Others, however, viewed the move as a serious conflict of interest.

Many accepted that even if NECTEC had a good case for kick-starting a commercial ISP in 1995, the time for it to withdraw its 34 percent stake in Internet Thailand was when the commercial network sector was adequately set up in 1998.

The majority of interviewees in this study also accepted that the right course for NECTEC was to take a more energetic role in creating greater competition in the ICT industry as a policy-making agency, not as an operator, the same course as was given to the TOT.

Other criticisms of NECTEC regarded its trend of protecting its own interests and wanting control over all of its own innovations and projects as something that closed it to interaction with and cooperation from autonomous enterprises or individuals. For instance, some reported that their offers to collaborate on projects that were non-commercial but beneficial for the nation were not very well received. A related problem was the tendency of NECTEC (like many other State institutions in Thailand) to claim the complete ownership of intellectual property rights over any study resulting from collaborative efforts. This demand for complete ownership of intellectual property and unwillingness to share it was said by some industry insiders to have restricted the possibility for NECTEC itself and Thailand in general of building a body of research in the public domain that could be shared with everyone, instead of confining research and restricting the potential for further development within the organisation.

Although NECTEC and NITC were seen as more dynamic than other State agencies, they were not safe from the criticisms often levelled at State agencies that its personnel sought to

control an existing system from which they derived private benefit. Some critics even went further, saying that the agencies were more concerned about their own existence and internal organisational interests than with creating an effective, bold, and workable national ICT policy. These criticisms were robust but reasonable, considering the mood of the Thai public. After the 1992 pro-democracy objections and the 1997 economic crash, the Thai public became very politicised in terms of demanding social justice, democracy, State transparency, and State obligations to the public. There was widespread public fury against the State for having failed to avoid and protect the country from outrageous corruption, which cost the country dearly in the 1997 financial collapse and national economic downturn.

Roused by political rejuvenation and the new public obsession with political and social constitutional reform in the post-crisis period of the late 1990s, more State affairs were put under closer public scrutiny. NECTEC and NITC did not arise in a vacuum. In fact, an examination into the organisational structure of these two agencies reveal that they were no less susceptible to political interference than any other State agency.

The distinction was perhaps that NECTEC and NITC were new and created at a time of public enthusiasm for serious systematic reorganisation. As a result, they entered with higher expectations. NECTEC was supervised by the National Science and Technology Development Agency (NSTDA), an autonomous agency designed under the Science and Technology Development Act (1991). As an independent unit, the NSTDA had management and budgetary freedom. However, in terms of chains of command, NSTDA remained under the oversight of the Ministry of Science, Technology and Environment (MOSTE). The

appointment of members of the NSTDA board of directors was decided by the minister for MOSTE. The first serious test of NECTEC's independence and ability to resist political interference came with the choice of the location for the Software Park in 1998.

5.3 Politicization of NECTEC

The Software Park Project had outgrown NECTEC's policy research on a development strategy for the software sector in Thailand. Sponsored by Thailand's Board of Investment (BOI), the project was approved in May of 1997 and started its operation two years later.

Software Park was intended to a) offer State-of-the-art infrastructure and an investor friendly environment for new and small and medium enterprises (SMEs) in the software industry, b) outfit technical support and technology transfers to Thai ICT professionals through education and training, and c) establish a marketplace for software for both national and international businesses (Koanantakool, 1999; Software Park Thailand, 2001a).

According to Software Park's managing director, Software Park was the first major project to attract attention to the agency from politicians. This was because Software Park was designed as a new kind of industrial project that involved a large real estate deal. The total

budget allocated for the project for 1998-2001 amounted to 1.8 billion baht.[111] In fact, budgets became an issue in late 1998, when there were reports of a 'budget mishap' concerning three vital national ICT projects operated by NECTEC: SchoolNet, GINet, and Software Park.

Budgets totalling 391 million baht distributed for the three projects for the fiscal year 1998 were mistakenly delivered to the Office of the Prime Minister, instead of to the MOSTE, the parent ministry of NECTEC. The funds were returned to the Budget Bureau, but the mistake resulted in serious delays in the annual budget distribution. In the process, the GINet and SchoolNet reported that they had lost a large amount of their allocated budget, while Software Park was paid 262 million baht, more than twice its 1998 original allocation for 1998. It was not clear whether the mistake was a simple administrative error or a result of political manipulation.

Amidst rising criticisms of NECTEC (about its engagement in many projects) in June of 1998, the then deputy prime minister and chair of the NITC Suwit Khunkitti ordered a restructuring of NECTEC and NITC. This involved splitting NITC from NECTEC in order to separate NITC's policy functions from NECTEC's operating functions to avoid bias and safeguard the independence and efficiency of the two agencies.

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[111] The total budget for Software Park was 1,810 million baht, with the following annual allocation: 134.54 million baht for 1998, 848.103 million for 1999, 708.557 million baht for 2000, 84.186 million baht for 2001 and 34.614 million baht for 2002. From 'Prissana tuek Software Park: lock spec TOR pon Jasmine' [Software Park building mystery: TOR spec locked for Jasmine], 1998, May 17-20, Tansettakij, p. 33.

The NITC was anticipated to have control over the national ICT master plan with authority to inspect and appraise ICT projects by government agencies, including those of NECTEC. Suwit's order also specified that the two agencies should re-evaluate their roles. In particular, NECTEC was instructed to find its own direction and focus, citing NECTEC's multi-faceted tasks as a potential cause of inefficiency in its research and development, operations, and as a commercial provider ('Suvit prab,' June 25, 1998; Sutharoj, June 30, 1998). The complications of the deputy prime minister's order were noteworthy in that the order amounted to cancelling NECTEC's previous bidding process to select the builder of the Software Park. The order, in effect, annulled the previous bidding result and declared the winner to be Samart Corporation, a local telecommunications player.

After much debate about separating NITC from NECTEC, the two remained joined. This could perhaps be evidence that NECTEC, as an organisation, was able to withstand outside political intrusion, but it could also signify that the strength of interference was not powerful enough to deflect the course of NECTEC's original proposals. Another political effort to intervene in NECTEC's organisational management was made at about the same time, but this too failed.

When the previous NECTEC director Pairash Thajchayapong resigned in order to become director of the NSTDA, Thaweesak Koanantakool, then NECTEC deputy director, was introduced as the next director. But the appointment of Thaweesak was unexpectedly halted by the MOSTE deputy minister Pornthep Thejapaipul, who was held to be in favour of appointing an outsider to lead the organisation. Nevertheless, Thaweesak took the

directorship of NECTEC shortly after (Potipattanakorn, June 2, 1998; 'Pornthep,' June 15, 1998).

This interference in NECTEC showed that it had now gained the status of a politicised agency with power of authorisation. The politicization of powerful State agencies handling productive transactions had been a condition of Thailand's politics for most of its modern history (the last half of the twentieth century). In the 1980s and 1990s, corruption and irregularities plagued large infrastructure projects, involving politicians, business interests, and bureaucrats with many roles in government concessions. As a new State entity in a position to deliver many big-budget projects, NECTEC was susceptible to interference that would inevitably compromise its ability to function as a genuinely independent entity.

Meanwhile, as NITC continued to be attached to NECTEC, it also continued to leave itself open to criticism and conjecture about its integrity and efficiency as an independent policy body. Telecommunications liberalisation, private participation, and efforts to liberalise the telecommunications industry in the l990s in Thailand were intended to remove the chronic bureaucratic rent-seeking temptation intricately linked to State monopolies.

Private engagement in the industry was encouraged through build-transfer-operate (BTO)[112] schemes whereby private companies were granted concessions to build and operate

[112] In a BTO concession, a private company is sold the right to build or upgrade a piece of public infrastructure and is then transferred to state ownership. The private company is leased the infrastructure for a contracted period, with a share of revenue flowing to the concession-grantor over the life of the contract. More common elsewhere is the BOT scheme, under which ownership of the assets only reverts to the government after the contracted period.

telecommunications services. It was hoped that the privatisation of telecommunications and inflow of private capital would not only allow the government to add much needed telecommunications infrastructure to accommodate the country's rapidly growing economy, but also empower more free and fair competition and the clear operation of services in the industry.

The pro-liberalisation coalition that came together during this time included foreign players such as the World Bank and IMF. In describing the perspectives of each participant in this pro-liberalisation coalition and the way in which each participant contributed to Thailand's economic bubble before it burst in late 1997.

Phongpaichit and Baker (2000: 31) wrote: The participants in this pro-liberalisation coalition were motivated by differing agendas. For the World Bank, liberalisation would theoretically bring welfare benefits through more rational capital allocation and would also gain market access for the bank's Western patrons.

For the Thai technocrats, now able to handle swift development in the economy, liberalisation would sweep away the old oligopolies that had hampered growth and welfare. For the new capitalist groups, liberalisation was a windfall that opened up access to capital on an unimagined scale. Ultimately this was a disastrous coalition, for the World Bank and the technocrats could not control the political consequences of liberalisation and the new capitalist groups did not understand the macroeconomic consequences of their behaviour. The new coalition did not have either the ideological or political coherence to establish a

workable policy regime.

During the time of Phongpaichit and Baker's political economy, portrayed as the period of Thai liberalisation, telecommunications deregulation did not proceed by an easy liberalisation of economic discipline (introducing fair market competition and transparency). In the domestic conditions in which capitalist-political alliances were increasingly important, this trend toward a liberalised policy regime merely led to the combination of the new tradition (liberalisation and private participation) with the old one (political and bureaucratic corruption).

The next section discusses a case of political corruption involving government officials and politicians engaged in computer procurement. The case demonstrates the corrosive impact of democratic politicking in Thai politics.

5.4 Capitalists and Their Influences

In the formation of new alliances among the sectors of technocrats, politicians, and business interests, widely known as in the case discussed above, the old bureaucratic powers (represented by the military, government officials, and their political allies) were put under increasing pressure and closer scrutiny by pro-democratic forces. And, as noted in the case of

the three-million-line telephone project, the military was, in essence, eliminated from politics.

As the Thai political web became more democratised, the new acceptable venue for asserting influence was democratic participation. To a great extent, because technocrats had control over national policy-making and the public, with greater awareness, became resentful of old oligopolistic arrangements between the military and bureaucratic officials, political players and interest groups recognised that an effective way to incline policy to their interests was to engage in politics through the electoral system. From the late 1980s, when the military was on the decline, more former Generals entered politics and became members of parliament (such as Chavalit Yongchaiyuth, the leader of the NAP). As macroeconomic policy-making was revealed to be of extreme importance, technocrats were often appointed to key ministerial positions in charge of policy. For instance, Tarin Nimanhemin of the Bank of Thailand was appointed minister of finance to handle the financial crisis in the Chuan government; Tarin was central to Thailand's financial and macroeconomic restructuring in meeting the IMF's demands in the late 1990s.

High-ranking military men, now officials, and a highly skilled elite group evolved into politicians began the political upheaval. In telecommunications politics, the same transition was palpable. Sombat Uthaisong, former director-general of the Post and Telegraph Department (PTD) and former TOT president, was named Deputy Minister in the Ministry of Transport and Communication (MOTC) in the Banharn cabinet (1995-1996) and appointed Deputy Minister of the Interior in the Thaksin government in 2001. Direk

Chareonphol, the previous TOT deputy managing director, was chosen to be the MOTC deputy minister in the Chavalit government (1996-1997). The late 1990s were distinguished by the brand-new feature of businessmen-turned-politicians.

Capitalists Entered Politics

The case of capitalists-turned-politicians cannot be better represented by any example than Thaksin Shinawatra, an exceedingly successful telecommunications tycoon who rose to be Thailand's prime minister in January 2001. Thaksin entered politics in 1994 as a member of the Palang Dharma Party and subsequently became the foreign minister in the Chuan government. He was appointed deputy minister in 1997 under the Chavalit government and established his own Thai Rak Thai Party (TRT) in 1998, which won the Thai election by a landslide in January 2001, significantly reducing the political power of the Democratic Party ('Thaksin,' May 2001).

Thaksin Shinawatra built on what was to become, by the late 1990s, Thailand's largest and most successful telecommunications conglomerate, Shin Corporation. Formed in 1987 as Shinawatra Company, a computer and software provider, the company gained prominence through a series of successful government contracts. Shinawatra acquired a contract with the MOTC to launch Thailand's first domestic satellite, ThaiCom, in early 1991. By the mid-1990s, Shin Corporation was a dominant player in the local cellular and satellite markets, with stakes in a wide range of telecommunications businesses, as well as fixed-line

telephones.

Other influential telecommunications businessmen also entered politics. Poosana Preemanoch, a UCOM executive, and Somchai Benjarongkul, one of UCOM's outstanding shareholders, were appointed cabinet ministers in the Chavalit government (1996-1997). Preecha Maleenond, TV Channel 3 executive and related to the Maleenond family, Thailand's television broadcasting power-house, was appointed deputy minister of MOTC in the 2001's Thaksin cabinet.

Once the Thai Rak Thai Party took control and Thaksin became prime minister in January of 2001, rivals were fearful of the new government's delaying liberalisation, because Shin Corporation was said to gain from its existing market dominance (Maneerungee, January 17, 2001; Plengmaneepun, January 8, 2001). These fears were in part intensified by evidence of editorial control by the Thai Rak Thai Party during the 2000 election campaign through Shin's majority ownership in Thailand's only independent television station, ITV.

Other political and business interests prevented Thaksin's Thai Rak Thai Party from gaining control of the Ministry of Transport and Communications by challenging Thaksin and Thai Rak Thai to demonstrate their impartiality and honesty in not assuming regulatory control over telecommunications. As a result, the MOTC Minister's portfolio was given to Wan Muhamed Nor Matha of the Democratic Party, while Pracha Maleenond of Thai Rak Thai took the deputy minister post. Other key ministerial positions in the Thaksin cabinet taken by telecommunications businessmen included the Minister of Commerce, Adisai Bodharamik,

former chairman of Jasmine International, parent company of TT&T, a provincial fixed-line operator. Another telecommunications businessman-turned-politician, but without a ministerial portfolio in Thaksin's government, was Veerachai Veeramethikul, son-in-law of Dhanin Chearavanont of CP Group, the parent company of TelecomAsia, the Bangkok metro fixed-line operator.

Through this research study, it is clear how strong a sway the Thaksin telecommunications had over Thailand, in particular when he endorsed policies in favour of his family-owned telecommunications business. Thai society debated hotly the rights and wrongs of Thaksin's conflict of interest, and this caused him to be ousted from power in September 2006.

By the time the Thaksin cabinet took office, the largest concessions under conversion included two large TOT cellular and fixed-line concessions worth billions of baht, Shin's AIS mobile phone concern, and TT&T's provincial landline carrier (Kittikanya & Pleumjit, January 9, 2001).

Thirty-six telecommunications concessions had been legally given to private operators by the TOT, CAT, and PTD since 1989. Of these, five were already cancelled or converted by 2000. The cancellations affected Radio Phone, Fonepoint, and Lines Technology, while Shinawatra Directories and Shinawatra Datacom were converted. Twenty-six concessions were for joint ventures, but fewer than 20 were on the conversion list by the end of 2000 in the framework designed by the Thailand Development Research Institute (TDRI). Only five joint venture concessions were reassessed as precedents. These included the significant

fixed-line and mobile phone concessions granted to TelecomAsia (of CP), TT&T (of Jasmine and Loxley), AIS and DPC (of Shin), and TAC and WCS (of UCOM) (Prateepchaikul, 2000a).

The suggested proposal of lump sum compensation from the Thailand Development Research Institute (planned from the date of conversion until the end of the concession) was completely rejected by private firms. Attempts from the side of non-public operators were made to pay compensation until 2006, in order to create an equal playing field when new domestic and foreign players entered the market. TT&T proposed to pay nine billion baht compensation for its 30-year concession conversion, while TA asked for compensation from the TOT and proposed buying back its business for only 14 billion baht. Although no conversion was confirmed, an agreement was reached regarding the calculation of compensation on the basis of present service operations. Once the conversions were arranged, the concessions would be converted into licenses. However, the debate continued over TDRI's suggestion that value-added services gained in the future should be added in calculating the compensation. The State enterprises felt that they should be entitled to a share of the revenue developed from the potential of these value-added services (Prateepchaikul, 2000a).

As the concession conversion awaited the establishment of an independent regulatory body to inspect its process, political manoeuvring took progressively intense effect concerning the formation of the National Telecommunications Commission, the new regulatory body. A bribery scandal surfaced only a month after the Thaksin cabinet was formed. As soon as it

won the election, Thai Rak Thai sought a partial revision of the Frequency Allocation Act to break a year-long regulatory deadlock in the ICT industry and proposed returning the enabling authority to CAT. Thai Rak Thai argued that the delay in forming the NTC further delayed the liberalisation process of the telecommunications market (Kittikanya, January 11, 2001).

The Frequency Allocation Act terminated the TOT's and CAT's licensing and regulatory authority. As a result, regulatory disagreements were not settled, as in the case of the network technology licensing dispute between the TOT and CAT (discussed in Chapter 6). In addition, industry leaders in telecommunications and cyberspace had become increasingly frustrated by the regulatory uncertainties preventing them from pursuing business expansion. Thai Rak Thai gave the reason that it wanted a speedy foundation of the NTC and requested CAT to abandon its 32 percent free holdings in all 18 ISPs to enable some new ISPs to provide services to society. As part of its (populist) campaign, Thai Rak Thai promised to set up a free online access project in 7,000 tambons (sub-distrICT) within four years (Kittikanya, January 11, 2001).

Industry insiders, as well as the Thai public, were paying close attention to Thai Rak Thai's policies. According to the Permanent Secretary of Commerce, Krirk-krai Jirapaet, Thai Rak Thai's export-commercialisation policies were similar to those of the Commerce Ministry, except for trade liberalisation.[113] The 1997 economic crisis roused a nationalistic attitude

[113] The tenets of the Thai Rak Thai export policies were: utilize Thailand's uniqueness and originality in core products such as food and handicrafts, boost competitiveness in manufacturing and improve the quality of materials, improve research and

among Thais. Several groupings, including Thai Rak Thai, campaigned on platforms for protecting domestic industry. Yet the Thai public was not sure how and to what extent Thai Rak Thai's pledge to revise trade liberalisation policies once in office would affect the liberalisation process of Thai telecommunications.

Forces Led to Thaksin's Removal from Power

Thaksin, born into an affluent Sino-Thai background in Chiang Mai in northern Thailand, began his professional career as a police officer. The police department has historically been notorious as the most dishonest of all institutions of authority in Thailand (Phongpaichit & Pitiyarangsan, 1994). In 1990, even though he portrayed himself to be almost impoverished, he managed to get a 20-year concession from the Telephone Organisation of Thailand (TOT) for constructing and utilising a mobile phone company. The Shin Corporation turned out to be an extremely successful company.

Thaksin took advantage of his own prosperity and that of other affluent business advocates in forming the Thai Rak Thai Party in 1998. The Party had a convincing victory in the January 2001 election, but there was not a majority victory in terms of seats.

development, support product development and value-added development among exporters, employ online technology in product distribution, and establish a ministry of trade and industry. From 'Anti-liberalisation talk draws words of caution,' by Woranuj Maneerungsee, 2001, January 17, Bangkok Post.

Within two years, Thaksin adopted a tyrannical style of governance. In 2003, his government set in motion an anti-drug campaign directed toward terminating or limiting the considerable trading and use of methamphetamines and other illegal drugs. The campaign permitted (even if it did not authorise) the police to execute homicides of several thousand accused drug traffickers. There has never been an investigation into this bloodshed.

Thaksin also offended the Muslim ethnic group in Thailand by very overtly affiliating himself with U.S. President Bush in the war on terrorism. Thailand was an ally in the 'coalition of the willing' in the Iraq War. This was one of the causes behind a Muslim rebellion in southern Thailand starting in early 2004, a situation aggravated by the government's very oppressive retaliation to the mutineers in 2004 and 2005. In his press conferences and public announcements, Thaksin discussed the lack of compassion to individuals in southern Thailand that caused anti-Muslim feelings among Buddhists.

However, it is vital to highlight that Thaksin did well in allowing villagers to hold authority in a way that no earlier government had done. Villagers sensed that for the first time they were more dominant than the urban bourgeois or the military in deciding the form of government.

Although Thaksin was the most prosperous politician in Thailand after the grand victories by his Thai Rak Thai ('Thai love Thai') party in the democratic elections of 2001 and 2005, his legal authority had been progressively examined by an increasing number of white-collar Thais grounded predominantly in Bangkok. During his term in authority, Thaksin sabotaged

or made ineffective almost all of the regulatory bodies created by the Constitution. He superintended most of the institutions in Thailand, and his political force was questioned in terms of ethics, specifically in relation to its interactions with the monarchy.

Those who rallied in such large numbers in early 2006 to bring about Thaksin's ousting from power suspected his 'moral fibre' because of his gross abuse of power. This allegation entailed that he was unethical by Buddhist standards.

One person who many perceived as being a liaison of "morality" was Chamlong Srimuang. Although Chamlong had first enlisted Thaksin into politics as a member of Phalang Tham and had invited his vote in 2001, he consequently observed many of Thaksin's policies to be unacceptable and he increasingly was involved in controversy regarding the morality of Thaksin's actions. In early 2005, Chamlong had a disagreement with Thaksin over a proposal from Thaksin's government to allow whiskey and beer companies to be registered as public companies on the stock market.

In February of 2006, Chamlong contributed to the premiership of the People's Alliance for Democracy (PAD). Chamlong gained support in questioning Thaksin's morality. He alleged that Thaksin had abused his power in allowing the trading of the bulk of shares in the Shin Corporation to a foreign company. Chamlong summoned what he designated a 'Dharma Army' of supporters of Santi Asoke, including many monks, to join the PAD rallies in Bangkok (The Nation, February 28, 2006).

Thaksin was also challenged by an exceptionally honoured Buddhist monk, Luangta Maha Bua yanasampannō, the prominent adherent of Acan Man Phurithatta (Bhuridatto Thera), a monk vastly accredited to have attained Nirvana before his death in 1949. Like Chamlong, Maha Bua, who inhabited in the north-eastern Thai province of Udornthani, had first been a backer of Thaksin. When Thaksin pushed to have his own alternative senior monk formally inducted into office as pro tem Supreme Patriarch because Somdet Phra Nyanasamvara Suvaddhana Mahathera had become paralysed, Maha Bua, backed by many other monks, forcefully objected (The Nation, March 5, 2005; Bangkok Post, March 4, 2006). Because Thaksin rejected this opposition, Maha Bua gave his patronage to the protests headed by PAD (The Nation, March 8, 2006).

Thaksin's seeming allegiance to King Bhumipol Adulyadej suggests that he needed the legitimacy of one who bears authority on behalf of the King. After becoming Prime Minister in January of 2001, Thaksin expressed that he would exercise his power under the auspices of the monarch, but instead either disregarded guidance given by the King or acted as though the monarchy was peripheral to the exercise of power. In December of 2001, in his year-end birthday speech, the King was critical of Thaksin's economic policy, which opposed the King's own support of sustainable development. An interview about this speech published in the Far Eastern Economic Review on 10 January 2002 found that Thaksin's government admitted exiling the FEER correspondents stationed in Bangkok for airing a 'threat to national security' (Bangkok Post, 23 February 2002). An editorial in the Bangkok Post mentioned that 'Mr. Thaksin has a thin skin and is quick to blame others, especially foreigners, for his own mistakes' (quoted in the Bangkok Post, 5 March 2002).

Many found intolerable to Thaksin's endorsement of the homicides of thousands of drug dealers, his misdeeds against Muslims in the provinces of Pattani, Narathiwat, and Yala during the 'war against terrorism,' his undermining of jurisprudence and regulatory bodies, his leading of the Thai Rak Thai- prevailed parliament to impose laws advantageous to his own financial interests and those of his friends, and his loathing for the monarchy.

The impetus for protests of the Thaksin government happened when Thaksin and his family sold their prodigious holdings note in the Shin Corporation that was worth close to two billion baht to a Singapore holding company (Temasek) without paying any taxes. This avoidance of paying taxes was obviously, in the eyes of the opposition, only possible because of laws passed by the Thaksin-led government.

As an article in The Nation (February 3, 2006), concluded: 'The richest man in the Kingdom simply does not have the moral fibre to lead us.' By January and February 2006 a large group of people rallied to demand Thaksin leave his position of power. The political group, which thereafter was called the People's Alliance for Democracy (PAD), was led by Sondhi Limthongkul to rebuke Thaksin's unethical behaviour. The movement received the aegis of a number of non-governmental organisations, such as teachers and students at the universities, individuals in the print media, and chiefs of the key parties against Thaksin's Thai Rak Thai Party.

In late August, Thaksin travelled to Burma to consult with the military leaders of that overpowered country. It seems, however, that his true intention was to seek advice from a

well-known Burmese horoscopist[114], E Thi, better recognised as ET. ET is said to have advised Thaksin that:

> He should stay away from the Kingdom between September 8 and 22, because there are eclipses during this time. These eclipses could cast a dark pall over his duang [his star]. If he manages to endure the long journey and all of his sufferings in foreign lands, he would, after September 29, emerge with renewed energy. His duang will then shine like a bright star. He will once again become invincible. But at this point, he isn't sure himself how long he will have to sleep in strange places and stay away from Thailand. (The Nation, 13 September, 2006; and 15 September, 2006)

Thaksin had official reasons to be away during this time; he had planned to visit several countries, terminating in New York where he was scheduled to make a speech to the UN General Assembly. He adhered to his agenda and planned to arrive back to Bangkok on the 22nd of September.

On the 19th of September, the military force commanded by General Sonthi Boonyaratglin orchestrated a coup. Thaksin's supporters bestowed no resistance and no one was executed.

[114] The following is based on accounts of his visit to ET reported in a story in The Irrawaddy, September 2006 (on line edition, http://www.irrawaddy.org/aviewer.asp?a=6112&z=12), in The Manager (on line Thai edition of September 12, 2006) in The Nation (September 13, 2006 and September 15, 2006), and on conversations with several Thai colleagues in September 2006.

It is not known whether General Sonthi or any other head in the military had picked this time after consulting with astrologers, but the date was consistent with Thaksin's horoscope. This was observed in a column in The Nation: 'General Sonthi Boonyaratglin, the Army chief, led a successful coup to topple the Thaksin government. His destiny hinged heavily on the auspicious number nine.' The overthrow occurred on the 19th day of the 9th month in the Buddhist year 2549.

Thaksin had not only profoundly insulted the Thai people by the corruption of his government, disrespect in regard to the power of the monarchy, and the charm of those with tight bonds to the Buddhist sangha, but he had also failed the approval of the souls and horoscopes (duang) that have an effect on how the Thai people make decisions about significant events.

Military Back Again in 2010

Clash of the Thai Society

After the 2006 coup d'état, the military force attempted to terminate Thaksin's political support. Soldiers were stationed in small towns to convince the people to retract their support for Thaksin. Politicians were prompted to cast Thaksin aside and develop new political parties. Thaksin's party was terminated for electoral deceit and 111 of its executives were

legally prohibited from politics for five years.

During his banishment, Thaksin remained in the public eye through interactive telecommunications technologies such as the Internet, video conference, and the ostentatious investment in the Manchester City football club. Most of his political and electoral allies remained steadfastly supportive. When parliament was set up anew in and election in December of 2007, the pro-Thaksin People Power Party (PPP) obtained just under half of the seats, denying any possibility for the military's puppet parties to form a leading coalition. Three weeks after a PPP-headed government was positioned, Thaksin arrived home. But while the overthrow group had difficulty controlling the parliament and executive branch, it was much more successful in terms of judicial authority. Thailand's judiciary had formerly performed a very restricted role in politics. The coup junta administered a new constitution that lessened the authority of the prime minister and parliament, while enhancing the power of the judges. During this time, a special committee was established to scrutinise accusations of misconduct by Thaksin.

When the PPP-headed government revised the constitution and constructed this judicial offensive, PAD returned in early 2008 to pressure the government and strengthen the judges. Throughout 2008, a harsh battle occurred in the PPP government with pro-Thaksin backers on one side and the PAD and judges on the other. The judges axed two prime ministers and several other cabinet ministers. Thaksin was sentenced for taking advantage of his authority and his spouse for tax evasion, and the pair again escaped into exile. The pro-Thaksin PPP was abolished yet again for election fraud, accompanying two associated coalition parties.

Nearly $2 billion USD of Thaksin's family possessions, initially confiscated in 2007, were still under contention. Further legal disputes over fraud and conflict of interest were in progress. The PAD participated in street marches expressing protest. Powerful individuals showed their support. Retired and serving generals, chiefs of the Democrat Party, and distinguished highbrows appeared on the PAD stage. Businessmen generally supported PAD, as well. After two PAD allies were murdered in a confrontation with police, the queen appeared at one of the incinerations and honoured the deceased woman as a "defender of the monarchy." Professionally presented and transmitted over Sondhi's ASTV cable network, the demonstration was viewed by many in the city. Contributions came in at a speed of one million baht per day (c $30,000).

In response, Thaksin, banished from Thailand, attempted to portray himself as an idol of democracy, tormented by Thailand's archaic regime. His supporters decorated themselves in red shirts and hosted hostile rallies. This was in contrast to 2006 when PAD wrapped itself in monarchic yellow. It was clear that one side was crying "monarchy in danger," and the other "democracy in danger." The calamitous effects of the airport hostage, as well as the ever more apparent suggestions of the ideological separate, induced the supporters of PAD to call a time-out. Another court verdict ended the pro-Thaksin government and allowed a possibility for PAD to proclaim victory and left the airports and Parliament. Simply, this disintegration is a short-term time out rather than a termination.

Further Confrontation

This conflict affected families and villages and exposed social loyalties. Thailand can be considered an unequal society and that disparity has been seen over the past half century. Thailand has also become a more affluent and complicated society with more opposing demands. A sector of the economy and society has become interlaced with globalisation. That section is composed of between a quarter and third of the citizens, and is centralised in the urban zones, particularly the capital.

In some ways, this part of society has turned its back on those who still struggle with low income from an economy based on agriculture and the informal sector. The district areas, specifically in the north and northeast, have knowledge of rejection lack of consideration, the heritage of a highly centralised State regime and continual contempt. They have just begun to discover how to manipulate the vote to overpower this. They support Thaksin not only because of his recognition and prosperity systems but because he grants them a degree of authority that they had not previously experienced.

At one level, Thailand's clash suggests a relatively simple matter of social stratum and human rights. On one side is a minority urban middle class that is terrified by the "Tyranny of the Majority" and that grasps the power of monarchy and armed force. On the other is a small-town and principally countryside mass that has recently found out how to exercise electoral democracy to defeat State abandonment. But at another level, the controversy between these groups is more complex.

Politicians representing the provincial mass have acquired their authority without a powerful judicial system and other checks and balances. Thaksin is a dubious choice to become the courageous guardian of democracy because he does not have faith in it; he has used it to make billions, and he overruled liberal democratic principles during his term. PAD claims that morals are more important than the principle of one-person/one vote, and many liberal democratic reformists back PAD on those areas.

2010 Coups d'état

In mid-March 2010, the pro-Thaksin demonstration group, the United Front for Democracy Against Dictatorship (UDD), rallied two weeks after a Thai court decided to seize $1.4 billion USD in assets from the deported prior premier Thaksin Shinawatra's properties on charges of abuse of power. The UDD did this despite his still steadfast support from many in the northern and north-eastern areas and amongst Bangkok's working class.

The red-adorned protesters from all over Thailand brought shelter, sleeping-mats, and food into the neighbourhood around the upscale shopping-district of the Rajprasong crossroads. The red-shirts' political delegates held discussions with the government of Thailand's Prime Minister Abhisit Vejjajiva, but these failed in the first days of April, and the demonstrators then pledged to stay put until the parliament was dissolved and new elections were held.

In April of 2010, Thaksin exhorted his UDD followers in an internet video to inaugurate a 'Social Revolution' against the government, which excited riots in the urban centre that the military subdued peacefully. Thaksin reported to international media that soldiers had massacred a large number of his supporters and privately spirited away their bodies, accusations that were never proven.

Prior to the April 10 rampage, at the same time as the UDD's protests, government agencies, military bases, and private businesses were suffered in an attack that UDD leaders have contended the military masterminded to discredit their soi-disant tranquil protests.

Some ambassadors who examined the situation reckoned that certain bombings were arranged in time with protests and seemingly designed to provoke a security force clampdown against defenceless UDD protestors. Some military representatives, including previous spy chief and 2006 coup leader, Squadron Leader Prasong Soonsiri, had in recent months addressed diplomats that there were still passionate pro-Thaksin sentiments at certain top levels of the military troops.

Social status is a key factor in these bloodshed circumstances. Nattawut Saikua, one of the UDD leaders, proclaimed as the red-shirts crowded into Bangkok 18 March 2010 that the rally was the genesis of a 'Class War.' This was quoted by Thanet Aphornsuvan of Thammasat University as the State's brute force was unleashed on the evening of April 10, 2010: 'The battle [is] between the army that supports the establishment, government and Bangkok's urban elite against the people from the provinces … It is a real class war.

Saturday's crackdown confirms this.'

In past pro-democracy rebellions in Thailand, such as in 1973 and 1992, the marches were primarily composed of middle class liberal extremists and students. Now, however, those lying out each night on rattan mats under tents in the centre of Bangkok's shopping and business zone were largely from the countryside and were impoverished.

The political impasse in Thailand has lessened but is nowhere near over. In the end, this fight is about fixing the increased social and political complexities that go along with increased prosperity and globalisation. In the negative sense, PAD's simple ideas and use of brutality are menacing omens for the prospects of democracy. In a hopeful sense, the conflict is inaugurating the feasibility of a stronger democracy on the basis of public debate and open contest.

A preliminary examination into business influence in the course of restructuring telecommunications regulations revealed intense business engagement in the form of independent regulatory bodies, in particular, the National Telecommunications Commission, discussed below.

5.5 Formation of Independent Regulatory Bodies and Irregularities

The formation of an independent regulatory body resulted from the direct application of economic liberalisation adopted by Thai policy-makers. Specifically, it was needed under the WTO agreement, recommended by the IMF, and encouraged by the U.S. and regional agencies such as the Asia Pacific Economic Cooperation (APEC), of which Thailand was a member. Domestically, the establishment of an independent regulatory body to inspect the telecommunications industry was adopted as one of the key policy initiatives by Thailand's 1997 Telecommunications Master Plan. It was also stipulated in Article 40 in the 1997 constitution and recommended in the national information technology policy (IT-2000) guidelines. The new regulatory body was clearly a new policy condition agreed upon and supported by many groups, especially by policy-makers.

The formation of an independent regulatory body started amidst intense debate in the late 1990s among politicians, the media, and academics before a final agreement was made to establish two seven-member regulatory bodies, the National Telecommunications Commission (NTC) and the National Broadcasting Commission (NBC).

The NTC would be the exclusive entity dealing with regulating the entire telecommunications industry, from spectrum allocation, authorising licenses for and regulating telecommunications services to determining licensing demands, standards and technical specifications, interconnection principles and processes, tariff structures and service fees (Prateepchaikul, 2000a). The NBC would take charge of the broadcasting sector,

inaugurate a master plan on the re-allocation of radio and television frequencies, issue laws governing radio and television operators, and make sure that everything was done correctly ('Army men,' 2000, April 15). The establishment of the NBC attracted more attention from public groups, especially academics and non-governmental organisations (NGOs). When interviewed by independent networks, the NTC commissioner explained that: 'An NGO network had been created to oversee and guarantee transparency in forming the NBC, under the guidance of the social activist Supinya Klangnarong though the group's power had restricted on the decision-making and process of policy-making.' (R.R.)[115]

Rise of Semi-Governmental Actors and Industry Associations

In their interviews, the directors explained that one of growing main actors in the sector in addition to the rise of research institutes and think tanks, was that it has witnessed the rise of non-governmental actors in the policy-making process. One commented: 'Organs of civil society, such as NGOs, remain by-and-large under-developed and existing industry associations have often been criticised for lacking 'a mind of their own.'' (C.S.)[116]

However, the requirements of greater transparency, complexity of the issues, and the confinement of MICT to a regulatory role explain in part the potentially greater role for non-government actors such as private operators, users, the media, and other relevant parties. In

[115] Interview (NTC-056), conducted in Bangkok 2006.

[116] Interview (TOT-035) conducted in Bangkok, 2006.

an interview, a union official said: 'Associations are not something new in Thailand. Historically, each Ministry had its own industry association but the typical membership roster consisted entirely of SOEs that were effectively compelled to join.' (S.Y.)[117]

In other words, the associations were created by the State but sustained by the SOEs, and many of them limited their activity to organisation of events. An engineer described the process and its effect in highlighting the value of associations: 'Although their true value remains to be seen, most of them provide a platform to exchange information and try to act as a bridge between the government and State enterprises.' (C.S.)[118] Managers admitted that: 'Meaningful involvement of new emerging groups in the policy-making process will nevertheless be going to take some time for several reasons.' (A.S.)[119]

However, even though State incumbent lobbies have become both more vocal and effective, their influence on the policy-making process remains rather weak and targeted at specific issues. Several other factors have hindered the emergence of associations in Thailand's telecommunications services sectors. First, lack of collaboration between the agencies and clear decisive goal of the associations itself (the overlapping function and responsibility between TOT & CAT). Second, operators have found it very hard to reach consensus on industry-wide issues (e.g., standards), which has limited the number of issues that could be taken on at an industry level. Third, the government has been very sensitive to the emergence of grassroots movements. There are signs that this could be changing and that Thailand too

[117] Interview (TOT-050) conducted in Bangkok, 2006.

[118] Interview (TOT-036) conducted in Bangkok, 2006.

[119] Interview (TOT-023) conducted in Bangkok, 2006.

could be following the worldwide trend of opening to the influence of a new set of actors. As noted, this would mainly manifest itself through the creation of associations and by lobbying on specific issues.

NBC establishment has been widely debated by the general public. The NTC, in contrast, was not set up by public interest organisations, but in response to business interests. An analysis of the formation of the NTC and the bribery scandals closely connected with it in early 2001 follows.

National Telecommunications Commission (NTC)

According to this agreement, the government-created regulator, the PTD (under the MOTC), would officially be transformed into the Secretariat Office of the NTC (Boonruang, January 26, 2000). The NTC's immediate assignment was to inspect the concession conversions and the privatisation of the TOT and CAT.

The NTC was due to be founded by June of 2000, but this goal was not met. The Telecommunications Services Act was authorised by the Chuan government in March of 2000 and submitted to the Senate before the January 2001 vote. The implementation of the Act was, as a result, not predicted until late 2001, when the Senate would also pick seven members out of the final 14 contestants for the NTC (Janchitfah, October 8, 2000;

Kittikanya, January 3, 2001; 'Thailand's Year,' January 10, 2001).

Under the Frequency Allocation Act, the NTC commissioners had to represent a wide range of groups, including telecommunications, law, social, and security professionals. Nonetheless, during the first year of its formation, the selection process of NTC commissioners was criticised for favouring vested interests. An informal survey conducted with telecommunications industry leaders in late 2000, as reported by the Bangkok Post, revealed that the candidates likely to win the NTC chairmanship were those closely connected to existing regulating agencies, such as the PTD director-general Sethaporn Cusripituck, vice-president of the Telecommunications Association of Thailand; Kosol Petchsuwan, CAT's former chairman Smith Thammasaroj; and a former TOT executive and advisor Direk Charoenphol (Plengmaneepun, December 29, 2000). This prediction had changed the political alignments based on the formation Thaksin's government and the way in which telecommunications politics were played out by the stakeholders.

The selection of NTC nominees began in August of 2000. The media reported capitalist and political manoeuvring, which began to draw criticism of the selection process ('Some senators,' February 22, 2001). A bribery scandal broke in late February 2001, when a 200-300 million baht bribe was alleged to have been demanded by a senator's aide in exchange for securing the senate's endorsement for his own appointment to the NTC (Tumecharoen, March 6, 2001).

The bribery allegation prompted the Senate to set up a screening committee to canvass the NTC nominee selection process ('Nominees,' February 23, 2001) and to later request a police investigation into the scandal (Susanpoolthong, March 28, 2001). Some senators called for the scrapping of the entire selection process because of the undue influence of telecommunications interests among the 14 nominees from which the Senate were to choose the NTC panel. Mechai Viravaidya, a member of the Senate Telecommunications Committee, called for the NTC panel selection process to be re-started because it was 'not transparent from the beginning' ('Nominees,' February 23, 2001). Shortly after, the senate ordered a sweeping review of the NTC panel selection process, and a 21-member screening panel was set to review the qualifications of all 14 nominees (Satithamajit and Susanpoolthong, March 3, 2001).

After the group of specialists revealed that the 17-member selection committee that had elected the 14 nominees was not composed of professionals from telecommunications-related works, on May 4, 2001, the Senate voted 130:23 to reject the selection process outright, officially branding the selection process as non-transparent and sub-standard. The nominee list was returned to Prime Minister Thaksin for further consideration ('Telecommunication selections scrapped,' May 5, 2001; 'Thaksin,' May 5, 2001).

The Senate's decision to scrap the selection process was not without opposition. Some senators claimed that the Senate had no authority to scrap the process, as it was authorised only to choose or reject candidates and not investigate the selection process itself. The NTC 17-member selection committee vigorously defended its process against the senate

allegations of lack of transparency (Satithamajit, May 10, 2001).

The 1992 pro-democracy uprisings may have been the impetus for the media, academics, and public interest groups led by NGOs to actively participate in the constitutional amendments that resulted in Article 40 in the 1997 constitution. The National Broadcasting Commission (NBC) said that Article 40 demonstrated the need for radio and television frequencies as public assets to be allocated in the best interests of the public.

The formation of the NBC drew more public attention to this sector that had previously been experienced, although there were no large-scale scandals as there were with formation of the NTC. Nonetheless, as a result of the NGOs' concerns, the NBC was also found to have been influenced in its formation by special interests. Military and capitalist connections were found by the NGO monitoring network between the 17-member selection committee and the list of 28 candidates, short-listed from the initial 75 applicants. The 17-member selection committee was composed of military and media interests such as a) Major General Sunthorn Soponsiri, a Channel 5 director and board member of Tor Tor Bor 5 radio network; (b) Chatchai Thiamthong, a financial manager of BEC World, which owns TV Channel 3; and (c) Thakonkiat Veeravan, owner of Exact Telecommunications, under the powerful music power-house, the Grammy Group.

The military was expected to have little say in the selection process, in any case. It was permitted by the new constitution to retain up to 50 percent of the broadcasting frequencies and it was deemed likely to maintain control over TV Channel 5, which had traditionally

been under army control, because the army still had sufficient manpower and resources (‘Army men,’ April 15, 2000).

The NBC selection committee refused to accept a request by a member of the selection committee, Anand Panyarachun, a previous prime minister, who was highly regarded as a wise, experienced, and respected political leader. He wanted to delay the deadline in short-listing seven NBC commissioners to make sure that the process was transparent (Bangprapa, April 10, 2001). The NBC selection committee, however, proceeded to select 14 nominees for the Senate to consider by the end of May 2001.

NGO representatives supported the Senate’s decision to scrap the NTC selection process and called the Senate to scrutinise the NBC selection process also, which would go forward according to schedule. The selection panel was to pick 14 candidates from the original 28 candidates on May 24, 2001 and then send the short list to the Senate to pick the final seven who would sit on the NBC (Bangprapa, May 9, 2001).

Concluding Remarks

For many years, Thailand's policy-making process was viewed as a black box, but it has become increasingly transparent and predictable. On quick glance at Thailand's telecommunications regulatory framework, one would probably miss the extensive reforms that have taken place in the past decade. While the State retains majority ownership in all of the State enterprises and the sector clearly lacks an authoritative independent regulator, the pace and breadth of reforms has been nothing less than impressive. The regulatory framework is developing in an internationally compatible manner. While it has been a struggle to develop telecommunications regulations, Thailand has come a long way and the current situation is not too far from regulatory developments elsewhere; regulations and deregulations in other countries have all had their own downfalls[120]. Because there is always a risk of obsolescence by the time legislation is promulgated, some have argued that this has resulted in a loose definition of the legislation, leaving room for interpretation.

This chapter provided a glimpse into Thai telecommunications politics in action, emphasising the latter half of the 1990s. It also described the forces interacting in the different interest groups in the Thai telecommunications political landscape. This is shown by the way in which they became involved in the sector and the way in which they were able to wield influence in the ICT policy-making process.

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[120] Interview (NTC-005), conducted in Bangkok, 21 March 2006.

The next chapter, Chapter 6, concludes with some theoretical implications of the ICT policy process in Thailand. The chapter answers the research questions and lists the outstanding factors and forces in the formation of policy for Thai telecommunications and ICT provision, showing how ideas were channelled into the policy process and how the relationships among policy actors affected policy outcomes in the development of telecommunications and ICT. The chapter also summarises the role of the Thai State in telecommunications restructuring and the formation of ICT, and concludes by reviewing the implications of existing policies for the future role of the Thai State in telecommunication policy-making.

CHAPTER VI

KEY FINDINGS & ANALYSES

6.1 Introduction

The policy process in Thailand is often inefficient in that is does not take into account social needs and national interests, but instead focuses on a different set of interests; many public policies in Thailand are initiated by vested interests in concert with a group of sympathetic politicians, members of the elite class, academics, and stakeholders. These problems at the policy formulation stage lead to more frequent problems during the process of policy implementation. In spite of huge financial investments, policies are often less advantageous and lead to less-productive changes than might be desired by the society at large. One example is the recent policy implemented to reform the system of government. The initial development of the policy can only be described as reckless; this prompted confusion in the public, in that the missions of government ministries and the function of various departments are now completely different—government entities were integrated in a fashion that caused chaos. Officials of each ministry are be responsible for the new missions and policies, even in cases in which these policies are not preferred by the people who run these respective

ministries, and even when the policies do not maximise resources. Eventually, ministries are not able to achieve national goals or their own personal missions.

To attempt to provide some solutions for this situation, this paper addresses the process of policy formulation in Thailand's public policy. This process likely will uncover many corrupt activities and unethical behaviours, and is worth examining for the purpose of suggesting changes and reforms.

The Evolving Process of Policy-making in Thailand

When exploring the evolving process of policy-making in Thailand, public policy theory helps in summarising the issues as follows:

1. The process of making public policy in Thailand is not carried out with societal needs and requirements in mind. Many theorists have confirmed that good policy should begin with a survey of real social problems; the complex structure of general public affairs should be determined by public demand and carefully evaluated employing the causation models of behavioural science. Public policy in Thailand (in direct opposition to this method of policy-making) is created by a limited group of players; public policy then reflects their interests rather than the national interest.

2. Policy decisions do not take all relevant factors into consideration. Policy-makers must consider political, financial, public involvement, technological, and government agency synergies when implementing policy. Only by considering these factors can policy-making reflect the impact of policy on the economy and on overall social welfare. Many government policies lack careful consideration of these dimensions, and issues often arise when the policies are implemented. In some cases, the completed projects are launched with objections from the public, such as in the instance of per use charging for the TOT Call Centre (1133). This project spurred a considerable amount of public debate and was subsequently cancelled.

3. Formulation of public policy in Thailand requires more consideration of economic principles in particular. Most public policy highlights political advantages and special interests of the groups making it and advocating for it, rather than a particular economic benefit for the policy itself. In effect, policies cannot be executed as specified in the criteria for setting the policy; policy-makers are not concerned about cost effectiveness and the possibility or potential of the projects long-term because they are interested in fulfilling the vested interests of their groups and political supporters.

4. Determination of policy choices and policy comparisons show that many similar projects are under the same policy roof, and are destined to compete against each other (e.g., TOT vs. CAT Internet ISP licences). Projects and policies should theoretically be made more effective via competition. However, a policy or project

goal could be competed for by government entities all acting in their selfish interest, causing great losses for each project undertaken with a specific goal in mind. The government then requires more support for these projects through a national tax or loans.

5. The impact of projects undertaken as a result of government policy is not studied thoroughly enough. This often causes the public to oppose the policies.

6. The Thai government often overlooks the importance of public involvement in the policy-making process. Policies, in many instances, are formulated without a public hearing. As was noted in point 5 above, this can often provoke misunderstanding and resistance on the part of the public, and subsequently delay joint operation with the private sector, or increase financial losses associated with the project. This makes it more difficult for the project to further achieve its goals, as the Thai government is then obliged to complete the project with capital mostly obtained from national taxes.

7. Numerous stakeholders take an unwieldy and unbeneficial interest in the policy-making process. In one example of this, the former populist government under Prime Minister Thaksin had policies that were quite different from those of the Democratic Party. However, the Democratic Party soon adopted populist policies that were similar to those of Thaksin's party after its becoming the lead government party, in order to gain support from the public and increase party capital.

The seven observations above show that, in spite of the major advances in Thai public policy-making since the 1990s (the time period that is the focus of this research), major downsides to the process still exist. These downsides include a lack of transparency and public involvement, a lack of a comprehensive survey of real national issues, and the apathy and lack of involvement of the public in most decisions. Government consumption generally is rooted in the accumulation of income taxes. If the process of consumption and taxation persists in its absence from public attention, it will allow corruption of the channels that enable access to government, and provide politicians and dishonoured State officials untoward motivations for the making of public policy, and the access to realise the aims of these motivations. Therefore, it is necessary to provide well-researched knowledge about the process of public policy making in Thailand, taking into considerations national interests rather than political ability, power-seeking behaviours, or the desire to exploit natural resources. Thailand, indeed, could collapse with the growth of these negative values in Thai culture, as they do not represent the interests of the people. Many countries in both the developing and developed world are experiencing the fate of impoverishment. Their people are suffering as a result. It would be a wrongdoing if the Thai people ignored this type of impoverishment in their own society; an effective response to ineffectual government policy-making behaviours would be a good start to safeguard the whole nation against the scourge of low living standards and even lower expectations.

Economic boom and bust, political crisis, democratic reinvigoration, and a new constitution: these were milestones in the first decade of Thailand's twenty-first century. In the period after the political crisis of 1992, the increasing pluralism of Thai politics took the country

through a political transformation from a semi-democratic to a democratic regime, which, coupled with the internationalisation of the Thai economy, opened doors for a multitude of interests to take part in the process of forming its ICT policy.

This thesis set out to examine the evolution of Thailand's telecommunications policy-making in light of these major transformations, both the international telecommunications regime and domestic elements. One of the key questions raised throughout the research was whether the World telecommunications system could fundamentally disrupt the way policy was initiated and conducted in the telecommunications sector. This global framework might not play significant impact in Thailand's case because strong vested interests of various groups and role of the State seem to undermine the effect of imposing a global framework onto the existing policy-making structure. Hence, Thailand's regulatory policy-making has largely been crafted by domestic factors.

The first round of reforms, initiated in 1990, saw the introduction of competition. For this to take place, the new entrants relied mainly on the support of the State and its organs through political ties. The hopes that privatisation could increase market competition and reduce the role of State enterprises were not necessarily realised because the sector's governance and regulatory transparency were vague. Instead, it led to an idiosyncratic model of liberalisation in which the State remained very much involved in the telecommunications services sector, through its ownership of State and non-State agencies. As of today, relatively limited progress has been achieved in terms of market access for foreign or Thai private companies, leading to a number of important issues.

Nevertheless, the influence of non-domestic factors on regulatory policy-making should not be completely discarded.

The nature, scope, and extent of the reforms have, to some extent, shown some signs of harmonisation with policy frameworks found in other countries. While it is clear that Thailand's national ICT policy-making was dictated in parts by the World telecommunications framework, major concerns subsist.

6.2 Key Findings

This research provides insight into the key dynamics that influence policy decisions of the Thai State by applying a framework of governmental decision characteristics in a highly politicalised environment through Kingdon's Garbage Can model (1995) and factual information related to the formulation stage of the telecom policy in Thailand from 1990 to 2001. This research also describes the evolution of actors' behaviours and other key drivers in a broader sense, and shows that the formulation of government policy in Thailand befits the Garbage Can model. This study intends to create a wide academic debate, and boost development and improvement on the government policy decisions, which subsequently become more efficient.

Research findings from the case study suggest that a framework for analysis of the policy-making process, as discussed in Chapter 2, should clearly be based on the Garbage Can model, or the process without decisions (Non-Decision Making). There are many participants involved during the defining issues stage. However, few actors remain in the procedures and stages that follow. The initiation of a policy will then require an implementation process: executing policy into an action plan and deploying that plan to an operational level.

This cycle proceeds indefinitely. From my research, I discovered that policy-making for State telecom enterprises is inevitably caught in a cycle of reluctance after several years of implementation and different government administrations. Speaking from a strictly practical viewpoint, senior officials in a regulatory ministry or executives in State enterprises do not attempt to mobilise the possibility of a mega-project investment. One of the strategies used to propel a substantial project and maintain the survival of associated enterprises is to not take any action and to delay the projects until budgets are properly determined by senior officials, as happened in the case of the TOT 3G license, in which the policy study was left in a section of the government report rather than the focus of project expansion. In lieu of completing policy requirements, a group of private capitalists tend to lobby the policy decision-makers or fail the policy if the particular policy undermines their market power.

A Problem of Structure and Management of State Enterprises

The problems of the State enterprises' operations can be summarised into several significant problems:

1. Problems of management. There is frequent turnover in management, and the Board is likely to be influenced by political power. There is no coherence in the management of designed policies, either. The same issues that plague the State enterprise's system hurt the State bureaus, namely immobility of an operation and the decision-making of top executives, because all entities must comply with government regulations. However, on the other side of the coin, many regulatory agencies tend to delay decision-making, which may result in delays in the tasks' progress.

2. Personnel Issues. A large number of personnel and overflow problems in some places, resulting in the increased costs of wages, salaries, and benefits, can become a heavy burden on each SOE. Enterprises are always faced with massive losses, but the performance of most State officials is lower than that of their counterparts in the private sector, considering that incompetence and lack of training are the order of the day. Most operational staff have worked with private companies for better salaries than they can receive in most State agencies, whereas the compensation rates of the top management level are lower than in

most of the private sector. This results in a shortage of a competitive workforce and the decreased possibility to develop the State agencies.

3. Problems in financial and accounting management systems. Financial and accounting systems in many enterprises are not up-to-date or standardised. Data evaluation and processing is continually very slow. This system has the potential to harm investment taxes and revenues when it is exploited for a quantity of investment amounting to reimbursement.

4. Problem of operational overlapping. Operational overlapping slows down the task process via very long and oft duplicated operation chain effort within the agencies.

5. Problem of financial resource restriction. The State enterprises cannot provide sufficient goods and services and keep abreast of customer demands at the same time. Because they are abided by State enterprise laws, it is their responsibility to complete the project investments within a specified period.

6. Problem of the organisational structure. The purpose and structure of State enterprises does not contribute to the achievement of its current operations. The organisation structure will likely cause delays in many decision-making steps and will inevitably impede the enterprises competitive position in the industry.

7. Legal issues and regulations. Because SOEs are part of the State mechanism and thus are required to comply with several State laws, this, in turn, increases the

inflexibility of the agencies. For example, SOEs have a legal monopoly in the field of Thai telecommunications, and they perform the role of service provider and regulator at the same time. However, the monopoly has been an impediment to service expansion and national development whilst fulfilling demands of consumers and business firms.

From these key issues of State enterprises in telecommunications it can be seen that, if not resolved, they will have a great impact on the market and may impede the development of the country. Thailand is currently in a free trade market. It is therefore necessary to facilitate the Thai business entrepreneurs to fully compete with operators in other countries and quickly resolve these issues. The increasing role of private enterprises may potentially alleviate some of these problems and reduce burden of public investments. Above all, the government should give fair and independent administrative authority to the SOEs, while also amending the laws and regulations that limit their capacity and flexibility, such as tax payable to the Ministry of Finance or the restrictions on budget investment.

Supervisory State Agencies

Thai State enterprises have been under the control of 14 laws that have mainly complicated the regulatory process, policy implementation, and inert service expansions under complex

circumstances. Government bureaus that chiefly oversee SOEs in Thai telecommunications are:

1. Council of Ministers. They deal in the highest level of the policy-making process and they make key decisions on policy and management of the SOEs.

2. The government provisional committees. These were set up specifically to supervise SOEs; for example, the State Enterprise Policy Commission is responsible for SOE performance evaluation, direction management and action plan determinations so as to increase the role of the private sector. The Debt Policy Committee is obliged to control the country's ceiling on foreign debt and loan allocation to State enterprises.

3. Office of the National Economic and Social Development Board (NESDB). The NESDB takes charge of the national plan, the direction and development of the government plans and projects, and the SOEs' investment approval budgets.

4. Thailand Budget Bureau. This office is in control of budget allocations for State enterprises.

5. Office of the Auditor General of Thailand. This office performs auditing functions and ensures the financial position of State enterprises.

6. Ministry of Labour, and Department of Labour Protection and Welfare. The main function of this Ministry is to oversee the minimum benefits of State employees

using administrative bodies like the State Enterprise Employee Relations Committee.

7. Ministry of Finance (MOF). The MOF controls payment salaries, fringe benefits, and rewards for the SOE workforce, as well as the imposed financial and accounting regulations, the specified meeting allowances of the Board Committee, the allocated net incomes, and employee bonuses, all revenue remittance and money borrowing. They also provide loans, loan guarantees, and the acting shareholders of the State enterprises.

8. Ministry of Information and Communication Technologies (MICT). This ministry defines the policy of the SOEs under its administration (TOT & CAT) and endorses the State enterprise plans.

9. The Board of Directors appointed by the Cabinets. The Director and committee monitors are charged with policy implementation of the designated SOEs under their supervision.

In order to provide greater clarity on the evolution of the Thai telecommunications policy-making process, I adopted Kingdon's Garbage Can Model in a political environment (Kingdon, 1995). Kingdon's work describes that the window of opportunity arising from the convergence of social and political streams can be channelled into a new policy decision. Kingdon's three streams (problem, policy, and politics) have guided the analytical

framework of this research pertaining to public policy-making in Thai telecommunications.

The analytical framework applied in this study focuses specifically on the effect of key factors on policy evolution in Thai telecommunications. I assume that the process of public telecommunications policy can be explained through the decision-making characteristics of the government. Policy is not only created through the administration of the Board of Directors of State enterprises, but involves a wide range of participants from State bureaus, political parties, and politicians that intrude country administrations (either from the election process or the seizure of power), a group of officials from various ministries and regulators in the State policy setting, along with a group of business partners such as contractors, contract manufacturers, product and raw material suppliers, and other joint venture partners.

This study demonstrates the importance of the influences affected by the policy-making mechanisms. This research offers a more in-depth understanding of the role of the State and key industrial players in Thai telecommunications and the ICT policy of the SOEs.

The following findings presented here are from the discussion and analysis of factors that have affected the evolution of telecommunications policy process of the Thai State upon State enterprises in the industry.

I opened with the analysis of rising issues that were of public interest during the study period, considered under the process of policy-making, and driven into action. Some issues

or problems that cannot be implemented will be abandoned and set aside from the policy process. The history and chronology of the case study showed that two main groups have been exerting great force in the development of telecommunications policy in Thailand, namely participant and process factors. Both play significant roles in the process of policy-making, from which I infer the analysis using the framework presented in chapter two as a guideline in the analysis. The study investigates participants who played a central role in government policy-making by describing the history of the political structure and the leading institutional system in the process. Accordingly, the considerable interactive players that have dominated significant roles in Thai telecommunications policy are explored.

The study aims to focus on, understand, and explain the role of key actors through the channel of political relationship. It centres explicitly on the role of interest groups that shape public policy decisions of the Thai State. The study identified four compelling groups of actors who manoeuvred in the policy-making process during the research period; 1) politicians (this group played most the vital part of all actors), 2) capitalists. 3) State & SOE officials, and 4) other stakeholders (i.e., academics, NGOs, and media). The role of these players presented through the political structure and the institutional system has affected the policy process in the SOE operations.

Policy-making Process of the Thai State

Government policy changes occur when a window of opportunity is opened. During the 1990s, politicians and managers proposed a raise in their capital and loan investments, which required a guarantee from the Ministry of Finance. The Prime Minister's Office at that time objected to the proposal, as it would not be plausible to have the Ministry of Finance act as a loan guarantor. The State allowed the joint venture policy between TOT and CAT and private telecommunications companies under the term "concessions" for a given contract period (from 15-30 years). The State suggested that concessions could enhance opportunities for subscriber growth and network expansion, as well as reduce SOE project investments.

Several government administrations were elected after the military coup in 1991. Many politicians from different parties attempted to invite foreign capital into a joint venture during their time in office. Subsequently, most foreign investors withdrew from the plan, reasoning that the return on investment was not convincing. In addition, the availability and demands of State organisations for foreign partnership remained restricted.

During the economic downturn in 1997, several government investments were halted, which included the investment in telecommunications. Soon after the financial crisis and the introduction of the Thaksinomic CEO style, telecom industry stakeholders, SOE executives, capitalists, politicians, and bureaucrats formed alliances. The telecom policy was integrated into the same goal of increasing market share and revenues of the Shin Corp with minimal expenses. Policies like the establishment of the National Telecommunication Commissions

(NTC) were impelled to succeed. It can be concluded that the driving force behind the process was manoeuvring. The main actors in the policy-making process were the Prime Minister and the Minister of Transport and Communications (the Ministry of Information and Communication Technology (Thailand) at present). The executives of the Council of the National Economic and Social Development (NESDB) and the Ministry of Finance (MOF), both of which are State enterprises, played a major role in driving and implementing policies. However, this mechanism of government policy-making has faced criticisms from various groups of stakeholders.

This study showed that business capitalists are major players in telecom policy through the ability to access the system via various channels, mainly through politics and other resources. Meanwhile, the evolution of the policy process is a result of interest group transfiguration; for example, the change of politicians or political parties and the effects of the business entrepreneur-turned-politician. In addition, the sequence of policy-making in Thai telecommunications is not linear. There are many instances in which policy formulation was not drawn from cause and effect, or from legitimacy. For example, a newly created policy is sometimes not legitimate. This research found that a new policy agenda has been deliberately submitted to the Cabinet by the Minister of ICT. It must be approved by majority vote in the Parliament before it is endorsed by the Thai State. Based on the respondent interviews, it was revealed that policy ideas are created by the Deputy Minister of the regulatory State.

Through a historical perspective, I found that the process of government policy has evolved over time, but the lack of transparency tends to slow progress, and allows for fraud and

corruption to take place in large project bidding. Accordingly, the government is faced with the problem of illegitimacy, reducing public confidence, which then can lead to political instability. Moreover, the frequent changes of government ministers at the supervising ministry (MICT), as well as CEOs and key policy senior executives of State enterprises, have reflected the failure of the Thai State to drive telecommunications policy.

Conditions that Foster Windows of Opportunity

To explain the conditions that can stimulate the opportunity, this study employed a Garbage Can model in the political environment of Kingdon (1995) as the framework for analysis. A new policy will be amended only when the window of opportunity is opened, resulting from a confluence of social and political streams. The case study design is fitting for this type of research because the process of policy-making involves controversy, lack of unity among policy-makers (i.e., the frequent changes of government and leadership), unclear goals, illogical and hidden agendas, and volatile actors. The process of checking the sources of a problem is inquisitive in nature, whereas solving the problem requires analytical processes dependent upon the outcomes that one desires. Proposals are debated to discern whether they fit the ideas. Nonetheless, the selection process mainly is done by policy-makers and the particular interest groups involved. The public are advised of the problems via various media, academics, or NGOs. The choices/alternatives are announced after the key decisions have been made. These indicate the involvement of the goals, beliefs, and interests of those players involved in the process of policy-making.

The main finding of this case study is in regard to the process of formulating the telecommunications policy of the Thai government. Over 30 years of policy trajectories, there have been multiple opportunities. In the 1990s, the window of opportunity opened when a joint venture policy between SOEs and private telecom operators was launched. During this period, the State was able to expand service coverage nationwide. Once the proposal of a new policy is endorsed, it is directed to the Ministry ICT and government Budget Bureau for implementation. A new policy is ready for implementation after being endorsed by the State. The proposal is then returned to the MICT and budget bureau for oversight. Practically speaking, policy implementation is faced with several obstacles due to personal interests that are more powerful than national benefits. The joint venture with private operators has produced the considerable improvement of network expansion and reduced government investments. Nevertheless, the telecommunications system and service development lag behind other countries in the same region. Historically, Thai telecommunications were under the supervision of the military government. This period was the so-called Semi-Democratic period. The Prime Minister at that time was General Prem Tinsulanonda, who built the framework for the privatisation of public organisations. There was an agenda at that time that was prepared to transform telecommunications operators into private companies. However, there was no opportunity to do so due to changes at the ministerial level of MICT, key posts at State bureaus, and cabinet reshuffling. Later, the privatisation of the telecom operators and joint ventures with private partners was not recorded in the Cabinet agenda. The changes were made without considering privatisation and joint ventures with private companies.

During the economic crisis in 1997, both international organisations (e.g., IMF and WTO) that provided financial support to Thailand's economic recovery and the nation's reforms (several successive government administrations and reshuffled cabinets) were affected. There was then an opportunity for new policy amendments, such as the privatisation of SOEs, which had been developed to align with the policy of its debtors. The problem stream was that the privatised SOEs and the liberalised Thai telecom industry attempted to reduce State investments in an agreement with the IMF. The policy stream involved increasing participation and shares in the private sector of the State operations through joint-venture partners or the so-called 'concessionaire.' The political stream was the flow of opportunity and choice that opened after negotiations between the key players, such as the management of State enterprises, trade union groups, and other stakeholders (academics, media, NGOs), thus easing the way for those resistant to the idea of the unions.

A window of opportunity opened after Thailand's loan was paid in full within seven years during the Thaksin era, when social and political streams converged. Since then, several groups have accessed the system through via their ideas and have taken major roles in accelerating new policies such as the privatisation of SOEs, the establishment of the National Telecommunications Commission (NTC), and the liberalisation of the telecommunications sector. Ideas are generally in regard to goals and policy directions, which are translated by those in key positions (i.e., Minister and Deputy Minister) of the government.

The findings of this thesis can be summarised in that the policy-making process of the Thai State is developed through the interaction of three streams: problems, policy, and political.

Key factors affecting these streams are: (1) changes in government administrations, Minister of ICT, or Finance and Deputy Minister; (2) pressure from interest groups on the operation of State officials, selected alternatives, and key decision-makers (the Prime Minister and supervising Ministers: MICT and MOF); (3) a well-defined problem that affects the country nationwide. The decision of whether a new policy is in the nation's best interests is essential. For example, the State enterprise of privatisation has been implemented with no consistent directions or goals, but is rather based on politicians' personal interest (King Prajadhipok's Institute, 2010). During the crisis period, MICT policies were redesigned, and along with major telecommunications firms, they began to emerge and build up their power through political channels. If one of these factors evolves, the interests of the key players are reconsidered. The findings of this study showed that this capitalist interest group strived for participation in the process of telecommunications policies. The group was significant within the broader spectrum of political influence in almost every aspect in the policy system. Some groups may slow the process, while others aim to accelerate or terminate policies. This kind of policy idea does not have a direct impact on the process, though it may otherwise affect actors' behaviour in the policy system. However, the success of policy-making is determined by the success of a policy's development, usually brought about by making the right final decisions. Activities of each process may not proceed in sequence. Each stage of policy-making relies upon the ability to identify problems, propose solutions, and overcome obstacles to collective agreement.

Policy development can be established when the three streams (problem, policy, and politics) converge to create opportunity. During the process, a policy-maker performs a significant

role in determining the final decision. The most significant player in this process is the Thai government, which is most important in decision-making, formulating, and implementing policies. Pressures of other stake-holding groups do not yet play decisive roles in the process, but the power of the public voice is growing despite having no power and only disorderly strategies with which to enter the process. Political dynamics and complex relationships, as well as certain key players in the case study reveal that the Thai State has no commitment to developing the telecommunications industry for the benefit of the whole nation. For example, the State did not earnestly work to enforce privatisation policies or boost the country's capacity in terms of operation, survival, and self-sufficiency of State enterprises after privatisation. Moreover, the establishment of the National Telecommunications Commission (NTC) seemed to hide that they don't support free trade ideology. On the other hand, those commissioners have friendships or alliances with politicians and business capitalists. The NTC performs the role of telecom regulator, regulating the legal actions of telecommunications incumbents (TOT and CAT). The advancement of the policy agenda depends mainly on shared interests between ministers and commissioners (King Prajadhipok's Institute, 2010). Some agendas can be decided faster than ones that were proposed earlier, particularly if those protecting the project's interests manage to 'shake hands' with the involved parties. In many cases, telecommunications policy has been persistently delayed, resulting in a decreased number of major parties involved in the network, network formation being created with the expectation of persuading State decision-making and installing a complex relationship with and across the network groups.

To what degree the analytical framework presented in this study can explain the process of policy-making in the telecommunications industry.

The government process of policy-making in the Thai telecommunications industry showed that the stage of formulating a new policy can be described by a Garbage Can model. The Model explains that when the three streams of problems, policy, and politics converge (only possible if the agenda is consistent with the political climate), the policy window will be opened, with opportunity being created (Kingdon, 1995). At the stage of formulation, a new policy involves many dominant parties that endeavour to exert their own ideas (through various channels). As soon as the policy is endorsed it is deployed to SOE officials and other relevant parties and major institutions.

Unsuccessful Privatisation

Cultural Factor

The first cultural factor embedded in Thai State policy-making is the premium placed on leadership characteristics. Strong leadership is seen as a key to the process of government policies as leaders or policy decision-makers require expertise to deal with internal and external factors, such as political management, motivation, and team work skills. A key feature of strong commitment to leadership is a shared vision and commitment to the success

of policy implementation. The SOEs' leadership also requires the management of external politics and major organisation issues. It is considered important because the organisation can achieve higher budget allocations and get support from major firm leaders or politicians, whereas the skills to manage internal conflict and stake-holding affiliations for driving policy, establishing partnerships, and investigating the path of policy implementation to ensure the goals are being met are essential. Nevertheless, strong leadership skills might be an obstacle for policy implementation. There is a possibility that an organisational leader may impede the policy, possibly caused by the absence of knowledge in terms of operation, advanced management approaches.

It was clear from the case study findings that SOE executives created a centralised decision-making power within the groups, while ignorant authority should be given to technicians and operating staff. Policy-makers do not have technical expertise, whereas operating staff do not have the power to make decisions on a new policy.

Leader-reliance can lead to institutional termination and policy suspension. This element of Thai culture is affected by the reconstitution of top management, which cannot be easily relied upon due to political unreliability and economic uncertainty. These circumstances reveal the nature of Garbage Can policy-making. Each footstep has to be made in consideration of the risks. Next, there is the culture of non-budgetary spending[121]. SOEs are under the administration of the Thai State; its funds and budget allocation are under the consideration of government approvals. Some projects have been executed faster than others

[121] Funds are not accounted to treasury budgets.

that had been approved long ago. Non-budgetary spending helps to free them from accusations of corruption.

The third cultural factor is the intention to be business-like in the management of the public sector by enhancing the capacity and capability of the State organisations. Practically speaking, the executive working style causes trouble in terms of transparency and organisation governance. During Thaksin Shinawatra's time in power, public policy was introduced as the mechanism to support the country's economic plans, but in many cases, they were not based on public demands. The process showed a lack of transparency. In order to make this issue more understandable it is important to remember the country's administration in the year 1932, which was in the hands of bureaucrats after transferring regulatory power from King Rama VII. The country's administration by State bureaucrats was overseen by military officials ever since. Military force was the most powerful means by which government officials could execute their plans. Although Thailand's political system was shaped by the democratic system, the role of politicians was very limited in many policies. Increasing the power of bureaucrats and the military began after 1932, shaping a new political landscape in Thailand, as described in the work of Riggs (1966). Bureaucracy rapidly broadened into the tactical manoeuvring of government officials and party leaders so as to determine who was in charge of the process (Chaloemtiarana, 2007)

The formation of the government was determined by the government leader. Policies were deployed to each ministry for the sake of shared responsibility. The issue of whether the country is ready to adopt democracy has been widely debated. Factors such as education and

literacy rates were rather poor, making it difficult for people to understand why they should vote for someone other than the King to rule the country. As literacy grew, the democratic system was misled by a group of politicians, bureaucrats, capitalists, and other stakeholders (press, academic, NGOs) who intended to make people understand that democracy equals the people's right to vote for their representatives. However, these interest groups were overlooked in the focus on fraud and corruption after the election of politicians that undermined the country's system.

Thailand's economy was developed within the framework of the world's economy. The country's exports and manufacturing industries bank on foreign trade and international exchange rates. Democracy invites a diverse group of people to enter politics, such as the civilian Prime Ministers Chuan Leekpai, Mr. Anand Panyarachun, and Mr. Banharn Silpa Archa. It has enabled politicians to act as intermediaries between civic capitalists and public officials. The political power of the Thai Rak Thai Party and Thaksin was a phenomenon of capital consolidations between government authority and business capitalists. It turned out to be 'a unique characteristic of Thai politics of the time (from the 1980s to 1990s)' (McCargo & Pathmanand, 2005: 4). The entrance of business capitalists into the political system brought attention to their role in the policy process. Thaksin's campaign initiated a fresh political dimension and populist policy by assigning young people who specialised in management to positions such as key minister, deputy minister, advisor to the minister, and assistant secretary. The CEO style of management was widely accepted in major corporations, resulting in the intervention of government officials. There was a problem, however, with the monitoring abilities of the administration, which led to the undermining of

good corporate governance. Lord Acton (1887) said that 'power tends to corrupt, and absolute power corrupts absolutely.' He further expanded that the culture of friendship and a network of interests reduces the inefficiency of transferring information for policy execution by State agencies. Therefore, the power and culture of friendship interrupts competition and brings chaos to new policy implementation during the reshuffling of governments such as in a change of a governmental leading party or the supervising ministers that a new Chairman of the Board and Committees is likely to delegate to the SOEs.

Interest Groups Factor

Thailand is different from its neighbours in the same region for many reasons. One of them is the number of stakeholders competing for control in telecommunications. This is unlike the privatisation and liberalisation in both Malaysia and Singapore, which took place much earlier and more quickly without public input; ***see Table 1.1*** in Appendix B. A Former SOE senior executive who became the industry commissioner also recognised a similar problem elsewhere in the telecommunications sector that: 'Malaysia and Singapore, by the same token, differ from Thailand in the sense that many of the interest groups ruled in Thailand were mostly outlawed.' (R.R.)[122]

[122] Interview (NTC-056), conducted in Bangkok, 2006.

Hence, it is perchance not astonishing that, regardless of the robust parliamentary majority boasted by the Thaksin cabinet, somewhat little progress was made in dealing with telecom reform topics and that the action has been so slow. There have been many interested parties entangled in the process.

When everything is taken into account, privatisation is not as simple as it has been portrayed to be. The types of stumbling blocks vary from country to country and are contingent upon the specific policy. Difficulties in privatisation can also be political and economic. Three significant issues discovered that require attention include loss of jobs, increased prices, and lack of competition.

Loss of Jobs

The fear of all governments looking at privatisation plans has always been the prospect of considerable job loss. In many instances public enterprises hire more employees than are needed. When these public enterprises establish major organisations in a country, privatisation could result in a serious cutback in the number of the country's jobs. Accordingly, concern over the loss of work has often led to intense opposition from government officials.

Job losses by public employees can burden the government, who then must help employees whose jobs have vanished due to privatisation. There are several methods governments could employ to tackle this. One example is that various successful privatisation schemes have called for newly privatised companies to employ existent public employees, or at least provide them with favourable alternative jobs (Ramanadham, 1987). Another technique would be to develop the skills of public employees to allow them to become entrepreneurs who deliver a private service. This would allow former employees to be self-employed, and would eliminate the need for legal, technical, and monetary aid to those individuals. Britain's Thatcher government employed an even more far-reaching procedure to lessen employee worries about job security when it entrusted the National Freight Corporation to its own members of staff (Martin & Parker, 1997).

Increased Prices

Another basis for objections to privatisation programmes is that privatisation may lead to increased prices, particularly if the extant duty of the privatisation company has been equipped with endowments from the government. Butler (1985) has criticised that, contracting as a form of privatisation does not essentially assure lower costs. Actually, just the reverse may result. His logic is that contracting bolsters 'the spending coalition' that increases need for broadened expenditures. Considering that contracting is supplemented, the spending coalition is justified. This spending coalition, which may cover the contractor(s) and the interest group, can then get involved in politics, either because of increased overhead

or excessive costs. In contrast, there is a powerful trend by public consumers to challenge price upsurges for subsidised undertakings, which will undoubtedly trigger a serious problem for the government in attempting to privatise the SOE in preparation for those subsidised pursuits.

Lack of Competition

One question is whether the shift to privatisation is merely the replacement of a monopoly private supplier for a monopoly public agency, or whether there will actually be rivalry or competition among providers. If the transformation is from one monopoly supplier to another, then neither cost nor production is bound to metamorphose very much. The government as investor is still trapped with a unique origin agreement. Some privatisation in Great Britain has been of this type. For example, British Telecom has been put up for sale to private holders, but other network companies have not been authorised to join the market willingly to contend against it (Martin & Parker, 1997). It is, to report briefly, privatisation in the absence of contest.

In the case of Thailand, three events must occur for privatisation to be finalised: 1) the privatisation of TOT and CAT, 2) conversion of their telecommunications concessions, and 3) the formation of the National Telecommunications Commission (NTC) that functions in the capacity of the regulator.

The findings of this study confirm certain basic assumptions about ICT policy-making, which are based on the three schools of thought- pluralism, class power, and institutionalism, by applying the frameworks of Kingdon (1995) and Singh (1999).

Ideas

Ideas play a vital role in the policy process. While the main impetus for Thailand in restructuring its telecommunications industry was in no small part a result of its own aspiration to become an economic centre for the region, neo-liberal economic ideas such as liberalisation and progressive global economic integration had a direct impact on the pattern of its ICT policy.

The rescue package of $17 billion USD from the IMF required Thailand to adopt an urgent financial and economic restructuring programme after the 1997 economic collapse, and agreements with the World Trade Organisation (WTO) compelled the country to open its telecommunications sector to foreign competition by 2006. Multilateral agreements and ideology enforced by powerful international institutions such as the WTO and the IMF are likely to set the future trend for a policy of even greater internationalisation.

Policy-Driven Forces

This case study of Thailand has shown that multiple forces influence the evolution of policy-making, such as technological factors, institutional factors, and key actors in the industry, which are found in both endogenous and exogenous milieus. It also confirms the view that relationships exist among policy actors who may or may not share the same interests. As policy coalitions prepare to unite to defend their collective interests against the looming competition from powerful multinational firms in the fully liberalised economy, domestic interests merge and clash in the protection and defence of their respective interests. Interactions between the many domestic actors in the policy process – high skilled elite group (technocrats), high ranking State and military officials (bureaucrats), politicians, capitalist and public interest groups – range from coordinated attempts to reconstruct regulations to conflict of interest leading to political corruption as telecommunications privatisation and liberalisation develop.

Role of the State

With respect to the role of the State, the ineffectual performance of the Thai State supports the view that the State's effectiveness in policy-making is influenced by its manoeuvrability and responsibility, or its ability to impose its own agenda and shape the social choices in national development. The plurality of interests in the Thai ICT policy process has affected the ability of Thai State agencies to direct policy outcomes.

Additionally, in the Thai political system, where policy-making is often controlled by political infighting and special interests in protecting or promoting an individual's personal advantage, policy-makers find it hard to pursue the country ultimate goal of any given policy initiative, resulting in the policy-making function of the State being seriously undermined.

In spite of the difficulties for the economy imposed from abroad and the diversity of politics at home, the Thai State is no longer a huge, systematic, and monolithic entity that can, in effect, enforce its agendas in the policy process. Rather, it is a confused mass or cluster of diverse interests that cannot control the results of its actions. With the rise of a more fully-fledged democratic regime and the increase of money politics, business interests have become more involved in the high-level development of ICT policy through more direct political manoeuvring at the top levels of policy-making. However, the rapid growth of public interest activism among NGOs, academics, media representatives, and elected politicians, in particular in the Senate, is still restricted to the periphery[123] of policy-making. This is because telecommunications exhibits a rather unfamiliar and complicated set of issues that seem complex to the larger public, and because ICT policy-making remains in the hands of the political and capitalist elites.

The historical pattern of institutional ownership and control of the State's apparatus over national resources has had a negative impact on the development of telecommunications in Thailand. Bureaucratic control and monopoly and the lack of commitment to the public interest among State agencies have gravely hampered the expansion of access to the cyber

[123] A marginal or secondary position in, or part or aspect of, a group, subject, or sphere of activity.

world and has slowed the development of commercial services for new telecommunications technology. State telecommunications incumbents such as the Telephone Organisation of Thailand (TOT), Communications Authority of Thailand (CAT), and powerful corporate powers with privileged monopoly concessions such as Shin Corp have little incentive to support liberalisation.

In the following sections, the five research questions in addition to the basic assumptions as explained in Chapter 2 are discussed. A succinct response is first given to each question and is further elaborated below.

6.3 The Telecommunications Environment and Institutional Policy Factors

What telecommunications conditions (i.e., economy, technology) and institutional factors were presented in the formation process of Thai information and communication technologies (ICT) policy?

Assumption I: There are multiple policy forces and actors influencing the process of ICT policy-making. These factors are environmental, institutional, and personal (related to the people involved in the process).

Numerous factors were involved in the process of Thai ICT policy formation and telecommunications reform. Economic integration and the spread of technologies were certainly the environmental 'push-factors' in restructuring telecommunications and the formulating of ICT policy.

Key institutional and environmental factors can be divided into two groups: exogenous and endogenous. External forces combined with national drivers (political democratisation, the economic crisis in 1997, and Thailand's own ambition to become a key player in the region) propelled Thai policy-making in a more liberal and pro-competition direction.

The exogenous actors consisted of substantial financial and trade institutions, including the IMF, WTO, World Bank, the United States, and APEC. The domestic policy actors were included technocrats, bureaucrats, politicians, capitalists, and public interest groups. Traditionally powerful groups such as the military and labour unions seem to have been virtual non-factors in forming ICT policy, while public interest groups were a new factor and capitalists gained more and more influence on the policy process through political connections and direct involvement in electoral politics.

6.3.1 Exogenous forces

Prominent international financial and trade organisations, such as the World Bank, IMF and

the WTO, play pivotal roles in turning global and national economic systems into more unified, free-flowing vehicles of trade and services. No-boundary technologies encourage borderless economies. Most governments have accepted this and agree that this is a new and welcome stage. In order to be part of this new borderless system, countries such as Thailand, aspiring to obtain a significant place in the world, see no choice but to embrace this new borderless ideology and join the world in free trade.

Thailand's export-oriented and fast growth-oriented policies since the 1990s have been in no small part influenced by a free market ideology, strongly propagated by powerful international trade and financial institutions. The need for foreign capital and technology transfer further compels the country to accept economic liberalisation. Central to today's economic liberalisation policy trend is a more open telecommunications and information sector.

The World Bank had an early role in Thai telecommunications reform. It was a significant provider of advice in Thailand's incipient efforts to privatise the Telephone Organisation of Thailand (TOT), a State monopoly, beginning in the late 1980s. The World Bank strategy paper issued in 1992 exposed three facets of the Bank's extensive thrust in telecommunications: 1) develop competition, 2) increase private sector participation, and 3) develop regulations that enhance the two objectives (Singh, 1999: 30).

The World Bank's historical portrayal in the Thailand's economic restructuring is that of a source of advice and financial assistance. Later on, Thailand sought a grant from the Bank of

$25 million USD to install nationwide a network of computer connections in rural areas (Kittikanya, 26 June 2000).

As a result of the 1997 economic crisis, the International Monetary Fund (IMF) has also played a far-reaching role in Thailand's economic policy. In exchange for a loan of $17 billion USD, the IMF imposed several policy measures, including financial sector restructuring, the privatisation of State-owned enterprises, reduction of the State monopoly, and advances in private investment.

Thailand's top policy body, the National Economic and Social Development Board (NESDB), consequently amended its macroeconomic policy framework and modified the eighth national development plan for its remaining three-year term (1999-2001). The legal measures that Thailand undertook include drafting a Privatisation Master Plan and a Corporatization Law.

The most powerful external force so far in the evolution of Thai telecommunications has been the effect of the WTO. The WTO Basic Telecommunications Agreement (BTA) is arguably the strongest force to have occurred in policy and regulatory development in many countries, including Thailand.

Initiated in 1994 to extend the original General Agreement on Trade in Services (GATS), the BTA requires several agreements to liberalise regulatory policies. The BTA's Regulatory

Reference Paper contains six vital liberalisation measures, namely, anti-competitive safeguards, interconnection provision, licensing criteria, the allocation and use of scarce resources, establishment of independent regulatory structure, and universal service obligations.

Thailand acceded to only a section of the Reference Paper. Of these policy guidelines, the Telecommunications Master Plan produced by the Ministry of Transport and Communications (MOTC) included the establishment of an independent regulatory body. As of May 2001, the National Telecommunications Commission (NTC) was in the process of being developed, and it was fully formed in October of 2004.

Nevertheless, Thailand, along with most other WTO members, will be under increasing pressure to accept the Reference Paper entirely. The opening of the Thai telecommunications market to international competition was again postponed in 2006, but other guidelines were unavoidably incorporated into the national telecommunications regulatory framework after 2004.

The way in which the restructuring of Thai telecommunications unfolded is the result of several streams of policy influence. The wave of liberalisation proceeds from many venues. Aside from the powerful international organisations discussed above (and more extensively in Chapter 4), the United States is a major foreign source of policy ideas.

In late 2000, the U.S. Federal Communication Commissions (FCC) entered into a one-year policy consultation arrangement with Thailand's Post and Telegraph Department (PTD). In the arrangement, the FCC helped the PTD establish the new regulatory body, the NTC. The FCC consulted on six policy areas that closely mirrored the WTO Reference Paper guidelines, including a) regulatory procedures and management of conflict of interest, b) policy for regulating interconnection and its effect on competition, c) licensing systems, d) perspectives on policy-making related to new technologies and the convergence of telecommunications policy and regulation, e) standardisation and certification, and f) universal service obligations (Kittikanya, September 27, 2000).

As a successful pioneer in technological development and a source of many new technologies, the United States has acted as a catalyst for information infrastructure development in many countries. The Clinton-Gore vision of a National Information Infrastructure (NII) and Global Information Infrastructure (GII) inspired many countries, including Thailand, to acquire similar NII policies and regional network infrastructure policies along the lines of GII.

It is no coincidence that Thailand's 1995 IT-2000 Plan contains policy strategies similar to those in the U.S. 1993 National Information Infrastructure: Agenda for Action (see Chapter 4). The influence of the United States also extends to agendas in regional cooperation. In the Asia-Pacific Economy Cooperation (APEC), the United States has been a prime force behind the Work Group on Telecommunications (APEC-TEL), the functions of which include a telecommunications liberalisation policy project. From the outset, the project faced massive

opposition from the ASEAN delegations in APEC, including Thailand.

Ideas matter in policy. They come from all directions, from both external and internal sources. In an open political system such as Thailand's, there are many directions from which ideas emerge to play a part in the policy process. It may be difficult to quantify the degree of influence of any given idea in this process. Nevertheless, where ideological influences from foreign sources are concerned, the relationship between foreign policy guidelines and actual policies drawn up by the agencies to which the guidelines are conducted is direct and explicit. This appears in the examples of the IMF guidelines being taken up by the NESDB and those of the WTO being included in the Telecommunications Master Plan.

6.3.2 Endogenous forces

In the domestic policy arena, ideas are initiated and intertwined in the interaction between interest groups. Thailand's recent telecommunications restructurings saw a transformation of roles within the triangular relationship of technocrats, politicians, and capitalists, the key supporters of liberalisation.

In the emergence of alliance politics and the increasingly liberalised economy, the trilateral association bolstered by the move of entrepreneur from the role of benefactor to that of

'partner to politicians' in the early to mid-1990s, together with the transformation of politicians from sponsors to participants and of the technocrats from rivals to supporters of politicians. Meanwhile, the bureaucrats in the State telecommunications enterprises yielded to the pressure of the pro-liberalisation coalition to boost private competition (Niyomsilpa, 2000).

Below, the chapter analyses the five substantive domestic policy actors in telecommunications restructuring and ICT policy-making process: technocrats, bureaucrats, politicians, capitalists, and public interest groups.

Skilled Elite Group (Technocrats)

The expert group in telecommunications, which exercises a great deal of power in industry policy, consists of the NESDB, the TDRI, the NITC, and the NECTEC. As the dominant domestic office responsible for trade and social development policy and planning, the NESDB has ideologically been the firmest and most steadfast supporter of telecommunications liberalisation and private involvement. It has also been driven by worldwide economic policy agendas, mainly from the IMF.

The Thailand Development Research Institute (TDRI) addresses large-scale and sectoral-level ideologies for major policy agencies. The TRDI likewise assumes a reformist economic

policy standpoint but with minor power. The National Information Technology Committee (NITC), with the National Electronics and Computer Technology Centre (NECTEC) as its secretariat and operation unit, has control over the national information infrastructure policy and planning.

Views from TDRI's chief experts in telecommunications, such as Somkiat Tangkitvanich, have been significant in guiding up-to-date telecommunications restructuring and the expansion of national information infrastructure. The IT-2000 Plan was outlined with the help of generous contributions of knowledge and information from the TDRI research professionals before it was endorsed by the NITC. However, despite the common feature of collaboration in many policy-making exercises, such as viability studies and policy idea formulation among top national intensive research institutions in the areas of technology, each has its own institutional agenda and political position. As a young, highly technocratic, inter-governmental systematiser and a facilitator of the State-capitalist partnership in national information technology development, the NECTEC is likely to be politically even-handed.

The TDRI, however, appears to be less politically bounded and in fact able to balance the roles of policy agencies such as NECTEC. The TDRI is more open than NECTEC in condemning monopolistic restrictions in telecommunications and ICT policy.

High-Ranking State Officials (Bureaucrats)

Before Thailand transformed itself from a historically bureaucratic polity into a democratic regime with political and policy commitment from multiple players, the bureaucrats were more prominent. Bureaucrats in State enterprises such as the Telephone Organisation of Thailand (TOT) lost their key ally when the military was, in essence, edged out of politics in the political democratisation of the late 1990s.

TOT bureaucratic power relies much upon the political setting because politicians can dominate the power dynamics among the board members of State-owned enterprises. Until the NTC was formed in late 2004, the Ministry of Transport and Communications (MOTC), subsequently known as the Ministry of Information and Communication Technology (MOICT), supervised national ICT policy-making through its prerogative of regulating the sector and its authority to nominate and expel members of the board of directors of the TOT.

The Post and Telegraph Department (PTD) and the MOTC ministers repeatedly tried to liberalise the telecommunications sector further and to establish a central regulatory body because they thought it is very important for the country, although they had not been assertive in pressing for the removal of State control. The TOT was hostile to liberalisation pressure from the MOTC. The pressure to establish the NTC was viewed sceptically, in particular by the SOE's labour unions, as an attempt to preserve the ministry's regulatory power. Nevertheless, as it became clear that liberalisation was inevitable and necessary for their organisational survival as a telecommunications operator, TOT executives have come to

accept liberalisation and labour unions have generally advanced from the anti-restructuring camp to the pro-privatisation camp. Notwithstanding their surrender to liberalisation and privatisation pressures, the SOE's labour unions were a strong force in Thailand's telecommunications industry in the 1990s.

The overlapping responsibility between TOT and CAT has caused conflict between the entities, reducing their ability to provide nationwide service. CAT's authority in the international telephone services and network industry is overpowering, but this did not stop TOT from trying to impinge upon CAT's territory. The emerging competition reinforced the competitiveness between the two SOEs, as exemplified in the ISP licensing conflict, when the TOT attempted to lease its IP networks to several ISPs, some of which were not licensed by CAT.

It is obvious that in both its regulatory and operating capacities, the State chain of command is motivated by its own institutional interests, and as a result often acts against the interests of the public.

Criticism of the inefficiencies in the SOE spread as newspapers and magazines focused on the perquisites for State-enterprise employees. A profile of management employees in the Telephone Organisation of Thailand (TOT), published in a principal Bangkok newspaper in 1998, for example, confirmed the worst allegations of Thailand's SOE critics (The Nation, 1998). Investigators found that, although salaries were somewhat lower than in private telecommunications companies, the fringe benefits in the TOT (including free telephone

calls and company-provided bus transportation) were higher. The executives of the Telephone Organisation of Thailand were not challenged either to be creative or to work hard, yet employees experienced four-to-five-month salary bonuses every year, along with annual pay increases. Some technical employees took second jobs in the private sector while still employed at TOT. Many employees took lunch breaks that lasted from long before noon to late afternoon. The telephone monopoly employed 28,000 people, with many departments sorely overstaffed because divisions could obtain higher budgets, greater internal political power and more prestige as they grew larger.

Politicians

The roles of politicians in Thailand are usually divergent and inconsistent due to the factionalism of coalition politics. Elected politicians influence ICT policy if they have key ministerial positions, in particular, those within the MOTC. As the NECTEC and the NITC gained importance through their control over extensive national infrastructure projects, the ministerial positions at the Ministry of Science, Technology and Environment (MOSTE) and Ministry of Transport and Communications (MOTC) and other influential and sought-after political posts took effect.

Politicians can take policy positions so long as they suit their political and capitalist ties. This maxim has applied more and more as more bureaucrats, technocrats, and business executives have entered politics and sought parliamentary and key ministerial positions. As a result,

politicians appointed to key ministerial positions do not necessarily act according to the dominant ministerial agendas, but instead according to their alliances, which are often with clear-cut business interests. The ability of politicians in key positions to affect the evolution of policy is apparent in the case discussed in Chapter 7, which by and large involved corrupt activities or control exerted over the organisational management of policy agencies such as the interference in the three-million-line expansion project at the TOT, the appointment of the director of NECTEC by the Minister at MOSTE, and the proposed organisational restructuring of NECTEC and NITC by the Minister at MOTC.

Capitalist Groups

The character of the local business community grew during the 1990s through BTO concessions. Growing from small value-added service providers, six vital local telecommunications conglomerates dominated Thai telecommunications, namely, Shin Corporation, UCOM, Samart Corporation, TelecomAsia, Loxley, and Jasmine in 2001.

From being on the sidelines of policy-making as supporters of politicians or bureaucrats, Thai capitalists have become successful in influencing the policy-making process by persuading or pressuring policy-makers to direct policies to their advantage. This is possible partly because long range planning – defined herein as making a very long-term investment in return for potentially substantial gains – and implementation are generally left to government ministries (Phongpaichit, 1992; Geray, 1999), although macroeconomic policy

is generally drawn by technocrats at the top national policy institutions. A group of capitalists may have entered the policy-making process in order to enforce their ideas for future advantage, but the top macroeconomic system has also determined the direction of policy.

As a result, however, through alliances with politicians and partnerships with the State, business interests have been able to advance their agendas by influencing planning at the ministerial and State-organisational levels.

Thai telecommunications capitalists enhance their agendas through links with politicians and high-ranking government officials. As the power of capitalists increased with their greater participation through BTO concessions, their policy knowledge and ideas entered the decision-making process through regulators such as MOTC (MOICT), TOT, and CAT. This power, however, moved its focus to the new industry regulatory body, NTC, after its formation in 2004, which supplied further policy instructions to the top national policy-making agency, the NESDB (Niyomsilpa, 2000). Lately, as discussed in Chapter 7, more and more capitalists have joined in politics themselves and have directly affected the policy process through their positions in government. The Thaksin cabinet had more than a few ministers with close ties to main telecommunications businesses, and the prime minister himself was a businessman of significant success.

Public Interest Groups

The public interest groups are a new factor in Thai telecommunications politics. They are not yet a formidable force, but are set to influence policy agendas. Part of the underlying ideological influence in public policy-making in Thailand in the late 1990s comes from constitutional amendments introduced after the 1992 popular uprisings. Several public interest groups that had a common interest in removing the military from politics and in democratising the course of politics were academics, members of non-governmental organisations (NGOs), and the media.

Although this group may not directly influence the policy process of telecommunications and ICT, they are undoubtedly sources of ideas for policy-makers and political lobbyists. These groups also find support in some members of the Senate who have a similar background in public interest advocacy.

6.4 Role of Ideas

How were ideas channelled into the policy-making process of Thai ICT and telecommunications restructuring?

Assumption II: Ideas play a significant role in the development of the ICT policy process.

This question can be answered by applying Kingdon's (1995) policy model. Local and international policy forces played a part in and influenced the policy process at many points through different events. The key forces determining the evolution of policy formation in Thailand's ICT and telecommunications restructuring were diverse influences from both domestic and foreign sources. The model demonstrated the direct influence of global policy agendas from major international institutions in policy formation together with national policy planning agencies. Neo-liberal economic philosophy from the IMF, World Bank, the WTO, and the United States (exerted either through these agencies or directly) propelled Thailand's large-scale economic liberalisation programmes.

Furthermore, Thailand also has its own national ideology that supports the liberalisation of the economy. During the peak of the economy (late 1980s to early 1990s), the national aspiration to lead as an economic power in the region was strongly felt. The idea of turning Thailand into the financial, transportation, and telecommunications hub of mainland Southeast Asia was conceived during the Chatichai government. The idea of Thailand as a leading regional economic power was an extension of the 'greater Thailand' ideology envisaged in the Pibul Songkram regime during World War II.

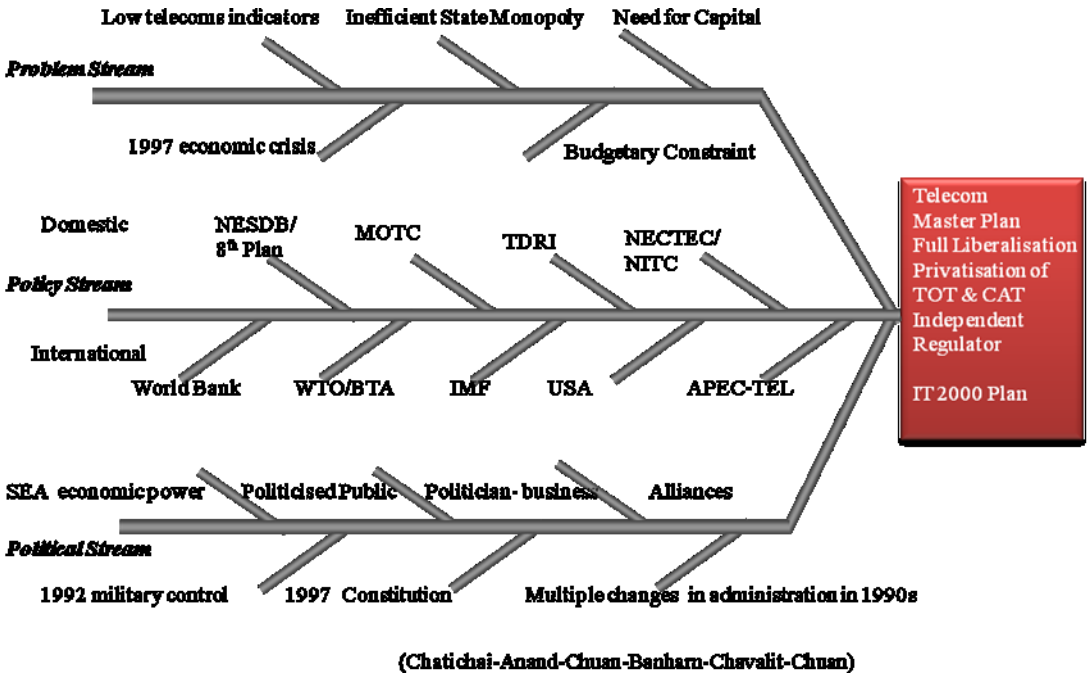
The ideas on which the Thai ICT system was based reflected the Japanese ambition to become the most powerful nation in Asia. The thought gained encouragement from the armed forces, although Chatichai diverted it toward economic strength. The urge was

inspired by the most influential national policy body, the NESDB, and it appealed to an underlying ideology in national policy-making in the early 1990s, when it was embraced in the Seventh National Economic and Development Plan (1992-1995).

The idea became embedded in the national ideology and was adopted by successive governments.[124]. In the case of Thailand's telecommunications and ICT policy, the vital role of ideas is evident in the influence of global economic agendas. Figure 6.1 summarises an overall picture of Thai telecommunications reforms and policy evolution for the nation's information infrastructure. The three streams depict key factors and forces in the policy-making process.

[124] The historical sources of this regional economic hub ideology should be noted. See Sakkarin Niyomsilpa, The Political Economy of Telecommunications Reforms in Thailand, London and New York: Pinter (2000), Chap. 1: 91-93.

Figure 6.1 Development of Thai ICT and Telecommunications



Ideas that are widely shared can have significant consequences on policy at any given time (Olufs, 1999). This is evident in the liberalisation of Thai telecommunications. As shown in Figure 6.1, the liberalising ideas that influenced the Thai ICT policy process were principally universal agendas conveyed or imposed by international institutions such as the World Bank, IMF, and the WTO, as well as ideas disseminated through powerful global actors such as the United States and bodies for regional cooperation such as APEC.

The effect of worldwide agendas shared by a large number of people in the policy process is particularly applicable in the policy for building a national information infrastructure (NII).

Following 'The National Information Infrastructure: Agenda for Action' by the U.S. Information Infrastructure Task Force on September 15, 1993, several APEC members, in particular, the fast-growing Northeast Asian and Southeast Asian nations, began to create their own NII diagrams. These did not include Singapore and Malaysia, which already had their own versions: IT-2000 – A Vision of an Intelligent Island and Vision 2020, respectively (Saga, 1999). By 1995, Thailand had fully drafted its NII plan, IT-2000 - Thailand IT Policy into the 21st Century, which became known as the IT-2000 Plan.

Since APEC first gave the Asia Pacific Information Infrastructure (APII) guidance resulting from the first APEC Ministerial Meeting on Telecommunications and Information Industry (TELMIN1) in Seoul in May of 1995, the Study Group on Telecommunications in APEC (APEC-TEL) has arranged a forum wherein member countries can exchange opinions and ideas on their own information infrastructure plans (Olufs, 1999). Policy aspirations in the case of the Thai IT-2000 Plan are abundant. For instance, the SchoolNet project is stimulated by the U.S. K-12 network, whilst the Software Park was built after intensive research and official visits to different 'parks' in several nations in the region.

Major players in the policy process explain their actions and their desires by ideas (Olufs, 1999). For example, advocates of competition, in its absence, often quote growth opportunities and lower prices to consumers as policy motivations. The WTO agreements triggered a move from revenue-sharing to a cost-oriented system for international telecommunications, reasoning that more opportunities for new services would ensue when prices were reduced as a result of competition (Kelly, 1999).

The role of ideas in the policy process should be carefully examined in terms of the relationship between ideas and interests. Are assertive ideological agendas recommended by well-regarded entities such as IMF, the World Bank, and the WTO merely a sign of their neo-classical economic doctrines? Are IMF's severe and rigid economic standards imposed on many countries, including Thailand, merely a result of the inflexible judgments of IMF technocrats about economic responsibility and rationality and nothing to do with American capitalist control, as some have alleged (Castells, 1997)? In their analysis of the 1997 Thai economic crisis, Phongpaichit and Baker (2000) said that IMF was giving all its attention to compelling Thailand to engage in neo-liberal restructuring, instead of helping the country to improve in the quickest and least unpleasant way. It is also argued that IMF is influenced by large powerful donor countries, in particular, the United States.

To support their argument, Phongpaichit and Baker cited the U.S. in terms of its success in pressing for the inclusion of its agenda in IMF's economic rehabilitation programmes as a way of ensuring greater access for American firms to international markets. They noted that the Clinton government embarked on a mission to urge IMF to broaden its crisis programmes beyond macroeconomic tinkering and include measures that would 'reduce trade barriers… [and] include the demands to liberalise trade and eliminate direct lending and other unfair or market-distorting subsidies' (Summers, 1999b, as cited in Phongpaichit and Baker, 2000: 6). According to former Treasury deputy secretary, 'the United States has made real progress in furthering some key American values' in pressuring for such developments in IMF programmes (Summers, 1999b, as cited in Phongpaichit & Baker, 2000: 6).

Furthermore, a U.S. trade representative, Charlene Barshevsky, also recorded that IMF programmes that included promises to restructure public enterprises and accelerate the privatisation of several key sectors including telecommunications in recipient countries would 'create new business opportunities for U.S. firms' (TN, 3 April 1998, as quoted in ibid).

In summary, global economic agendas proved to be the push-factor in Thai telecommunications restructuring and the process of developing the national information infrastructure policy. Meanwhile, the national ambition to be the region's economic power-house and the collective realisation among the domestic policy actors of the need for economic liberalisation provided fertile ground for the global ideas. The role of ideas in the policy process is not merely ideological but is often intertwined with local interests.

6.5 Policy Factors

What was the interplay among the policy forces and in what ways did their relationships affect the policy decision outcomes relating to the development of ICT in Thailand?

Assumption III: There exist relationships in the midst of policy actors who may or may not share the same interests.

The development of ICT has been remarkably thwarted by the divergence of interests in the domain of policy in Thailand. The State, whose domination has shrunk in the new political pluralism, is unable to impose its policy agenda on the many new interest groups that have distorted the policy environment. NECTEC and NITC (as discussed in Chapter 7), juvenile arms of the Thai State that lacked political experience in ICT policy, were at times unable to overcome the effects of the old bureaucracy, to command collaboration from State agencies, and to impose their own policy agenda. As a result, several of the programmes these twin agencies operated did not enjoy much success.

The interplay between distinct State arms damaged the development of ICT. For instance, CAT was evidently shielded in its monopoly in the ICT market. Moreover, whereas TOT may have acted as a competitive force to disturb CAT's monopoly (in regard to the authorising of ISPs and leasing of its IP network), the TOT did this in its own interests rather than those of society as a whole.

As an immature State organisation, NECTEC was incapable of dealing with these SOEs directly, but rather solved its problems in several indirect and politically compromising ways, such as undertaking commercialised ICT through a joint venture and persuading them to allow it to lay the second domestic Internet exchange to boost the use of ICT.

As a result, their regulatory and political limitations gave NECTEC and NITC little chance of succeeding. Despite the national policy ambition of becoming the region's economic hub, Thailand has done rather poorly compared to Singapore and Malaysia. The telephone access

expansion programme's goal of 'telephone in every village' did not reach its 20% penetration target by 2001. As of the end of 2000, the fixed-line telephone penetration rate remained at the one-in-ten level, compared to one-in-two in Singapore and one-in-five in Malaysia. Thailand's mobile telephone diffusion also lags far behind its two competitors at four percent of the population, compared to 15 percent in Malaysia and 61 percent in Singapore.

ICT diffusion has also made extremely slow progress, with only four percent of the population having commercial access in early 2001. Public ICT development projects such as SchoolNet are inefficient and unsystematic. Project implementation encountered several obstacles, including lack of strong political support, budget constraints, and poor coordination and esprit de corps in the agencies responsible. Every national project was affected by the sudden devaluation of the baht. Budgets were either pruned or shrunk in value through currency depreciation, resulting in delays in project implementation or the redirection of priorities.

The greatest challenge in the implementation of the ICT access expansion policy lies not in the budgetary limitations or in the temporary economic collapse, but rather in the results of the interaction of pluralistic forces on policy and the failure of the State to impose its public interest agendas. Consequently, the Thai ICT sector is described as being run by high-ranking officials served by industry experts, with the business and political vested interests not having much freedom of action in the particularly confined regulatory provision in which it works. However, this situation is gradually improving.

The issues and challenges in Thailand's NII development policy, covered at some length in Chapter 6, can be summarised as follows:

1) Lack of clear policy direction in national ICT development
2) Lack of government focus on its long-term interests in national ICT development
3) Lack of policy coordination among responsible agencies
4) Continuing political interference in policy
5) State monopoly hampering free and fair competition
6) High connection charges, particularly on international leased circuits
7) Poor policy management and lack of technical skills
8) A centralised, top-down policy concept and limited grassroots input in the policy process
9) Inadequate network infrastructure outside of Bangkok
10) Redundancy in the efforts by several State agencies to expand the network
11) International pressures for open competition from the IMF and WTO
12) Lack of a sense of social responsibility among local private enterprises

6.6 Centrepiece of the Thai State

What were the characteristics of the Thai State in its role in telecommunications restructuring and the formation of ICT policy?

Assumption IV: The State is a multi-faceted entity that serves at least three functions in the context of ICT policy: as policy-maker, as service provider, and as user.

Facing myriad interests, the Thai State has been unable to impose its agenda, shape policy choices, and fulfil its responsibilities as the policy-maker and the provider of services. Applying Singh's (1999) doctrine of the State as the centrepiece in the decision making process, the Thai State has been weak and dysfunctional.

A globalised economy has, in any case, changed the role of the State. In the area of telecommunications and information, which has historically been central to State control, a State confronts three vital interrelated challenges to its sovereignty: 1) globalisation and the interlocking of ownership, 2) flexibility and the pervasiveness of technology, and 3) the autonomy and diversity of State-of-the-art telecommunications (Castells, 1997: 254). Computer-based technologies have undermined State authority despite determined State attempts to control the public. With multinational businesses, which are in part supported by the powerful influences of global agendas on domestic policies and economic expertise, governments have progressively lost the power to control policy, organise trade and

economic production, and fulfil their duty to provide social benefits to the populace.

In this environment, a State has to balance between directing the course of national independence and prosperity, and fulfilling its responsibility to all segments of its population. As is generally acknowledged, this is an inordinately hard task. In the new politico-economic arrangements, myriads of interests seek to drive national policy and management. The character of the State is significantly diminished by the twin forces of economic globalisation and fragmentation of power and strongly motivated by the interrelated thrusts of new technology and political democratisation. The State is no longer able to itself impose and enforce its agendas on groups with fragmented and competing interests.

Having to fend off and negotiate with external forces and manage and compete with other internal forces within and outside the State apparatus, the State is no longer recognisable as a monolithic entity, autonomous and independent of other entities, and with one dominant ideology. Rather, the State is a collection of interests, with separate arms of the State apparatus having diverged into disconnected units with separate agendas (ministries, State enterprises, independent State entities), which have variable degrees of control over policy and the management of State affairs.

As such, the State's ability as a collective unit depends largely upon the interaction of these State interests with external (i.e., technology, economy, neo-liberalism) and non-State forces, in particular capitalists and public interest groups. The configuration of the relationship between State and non-State interests can transform itself and develop on the basis of

merging common interests and forming alliances. This makes the State's ability to dictate policy outcomes less than predictable.

The distinct role of the State as centrepiece in Singh's (1999) analysis of State decision-making suggests that when a State is unable to cope with myriad pressures and is ineffectual in imposing its agendas and meeting its responsibilities, as it is in most developing countries, the State is considered dysfunctional. Compared to Singapore and Malaysia, Thailand is a dysfunctional State from this perspective. That is, the Thai State has a low degree of manoeuvrability and a variable degree of responsibility; ***see Table 6.1***. Meanwhile, Singapore and Malaysia, as States, have a high degree of manoeuvrability and responsibility; they are able to impose their own agendas and social choices and are committed to creating policy outcomes with a high degree of efficiency.

Singapore took a fully centralised strategy in national ICT development with strong political leadership and well thought out policy that was systematically implemented by the State-owned Singapore Telecommunications and the National Computer Board. Malaysia, while allowing private in-service provision, espoused a long-term view in its ICT development policy that enjoyed strong political backing from the government. It can be argued that Singapore's small city-State and authoritarian leadership and Malaysia's strong and consistent government provide an environment conducive to more cohesive and comprehensive policy-making and policy implementation. By contrast, the Thai State had many successive administrations, each averaging less than two years, in the 1990s. Therefore, it lacked political continuity that could authorise policy continuation, which is a

vital factor in ensuring policy success.

This study proposed that the direction of ICT policy was predetermined by the ineffective functioning of the Thai State. The power that is believed to have controlled the changes in ICT in Thailand is mainly dependent upon the authority of State entities, which preserved a monopoly over domestic and international services.

As the main policy body in the ICT industry, NECTEC has been unable to persuade CAT to take the necessary steps in making ICT more available, affordable, and accessible. Instead, NECTEC/NITC has allowed CAT to exploit its monopoly and impose onerous licensing conditions (33 percent free equity holding), which damaged the industry as a whole. CAT's control over leased line connections has caused the Thai computer network access to be more expensive than those of other countries in the region, leading to Thailand's lagging behind in the development of information technology.

Because telecommunications is a high-stakes industry, it is no surprise that it is highly politicised and full of competing interests. The diminishing authority of the State, rising capitalist influence in politics, and competing interests between State and non-State actors are characteristics of Thai telecommunications politics. In an increasingly globalised environment, these qualities have implications for the future development of the telecommunications and information industry.

As presented in the analysis of policy politics through the case in Chapter 5, one train of thought applicable to all the salient points of the case was the democratisation of Thai telecommunications politics and intensifying public inspection of important State affairs. Growing public feeling through the media's unmasking of corruption, combined with democratic logrolling, resulted in the punishment of participants in corrupt practices, as in the case of the wrongdoing in allocating the three-million line project. This development did not stop all corruption, but it did send a very powerful message to potential political conspirators that blatant corruption would be exposed to the public.

Public figures who joined politics, in particular, senators such as Jermsak Pinthong and Meechai Veeravaidhya, spoke on behalf of the public in asking for transparency and responsibility for project decisions. They expected the government to provide explanations whenever public had doubts, as in the investigation of the establishment of the NTC.

The Senate was an institution historically influenced by the armed forces and bureaucrats, who were appointed to supervise part of the national political apparatus in order to serve their respective organisations and alliances. The political characteristics of the Senate dramatically changed as a result of the 1997 constitution amendments, which required a Senate to be elected. This, in effect, expanded the democratic political space and provided platforms for new players.

Emboldened by the democratised atmosphere, Thai NGOs grew significantly in the formation of the NBC acting as public scrutinising roles of the process, but the NGOs

activity remains limited power on national policy-making process. Even though public interest advocacy was still at an early stage of development and was not yet a strong force in Thai telecommunications politics, it was to some extent able to dilute the dominant capitalist-political coalitions in policy politics. This development has had a vital impact on the policy process that changed Thailand's telecommunications political landscape. It can be concluded that this new democratic element added another dimension to the existing political arrangement in Thai telecommunications politics, in which business and public interests appeared overwhelming.

6.7 Implications for the Future Character of the Thai State

What implications do ICT and telecommunications policies have on the future role of the Thai State and its institutional impact?

Assumption V: The State's effectiveness in ICT policy-making is affected by its manoeuvrability and responsibility, or its ability to impose its own agenda and shape the social choices and its devotion to national development.

The increasing diversification and fragmentation of social interests, which impose divergent demands and challenges on the State, result in their 'aggregation under the form of

(re)constructed identities' (Castells, 1997: 271). As society becomes more and more pluralistic, the State's ability to respond simultaneously to the vast array of demands induces what Habermas (1975) has called a 'legitimation crisis.' In order to maintain its legitimacy, the State responded by decentralizing some of its institutional power to the local government. As national governments are more and more burdened with managing the strategic challenges of the globalisation of trade and telecommunications and the accompanying pressures from de facto global policy-makers such as the WTO, multiple trade cooperation, and international corporate powers, domestic issues have been delegated to the local government.

This swing has profound future implications for a country such as Thailand, in which democratisation and decentralisation of power have been pursued. The technology element will further guide this direction. The crumbling and empowering nature of the new digital technologies will revive local governments and likely produce new types of communities that are not geography-bound. The recently enabled local communities, local governments, and the new practical communities will sooner or later undermine the power of the national government. If the trend in advanced democratic societies such as the United States and Europe can offer any indication, this decentralisation of power and politics will motivate and instigate localism and competition for legitimacy from tri-localised groups and local governments. For a country such as Thailand, which has been able to successfully unify as a nation-State, this trend is momentous both in terms of political reengineering and of making appropriate policy strategy.

As demonstrated throughout this study, the Thai State and its institutional authority is, at present, functioning poorly or incompetently due to its numerous policy interests. The State's diminished ability to impose its agendas and dictate policy outcomes has resulted in the lack of force, focus, and direction of the NII development plan. This trend in diminished State influence in setting the national political and economic agenda is unlikely to change.

As a result, the State will have to re-create and re-define its legitimacy by adjusting its relationship with its populace and with its local governments. Centralised and top-down policy agendas and management are no longer appropriate, and a more holistic user-oriented policy model is needed for the new environment. Policy-makers need to be aware of the importance of user involvement in national and local policy initiatives and their implementation.

In privatised and internationalised political economies, a welfare State can have only a dim future. The role of the State must accordingly be re-evaluated to see how far it can realistically function as an agent of the public interest. The State will be hard-pressed to find workable solutions for social and economic balance and, as a result, will have a difficult time legitimising its power.

As technologies continue to evolve, the issue of universal service provision will have to be continually re-assessed and the role of State reconsidered. As capitalists are likely to be the primary providers of most services, better and more comprehensive frameworks for State-private partnerships in national development must be created. The questions for policy-

makers to wrestle with in terms of universal service obligations will concern what services will qualify as public service, how they should be delivered, and who will pay.

The competition in the Thai ICT market has shown some irrefutable results in reduced access charges. Yet market forces alone will not be sufficient to bridge the access gap. The new populist Thaksin government promised to fund national projects, for example, the Ministry of the Interior's 68-million baht project to connect 7,000 tambons (sub-district) by 2003 ('Thousand tambons,' March 31, 2001) and the Ministry of Education's proposed 3.4 billion baht project to connect all schools ('Computing a plan,' April 15, 2001). The NESDB set a relatively modest goal in its Media, Information Technology and Telecommunications Development Plan (1999-2008) to have computer-mediated telecommunications for every tambon and an ICT penetration rate of 20 percent, affecting 14.1 million of the total population of 70.5 million people in 2020.

These goals were either successful or not depending on the many interests at work in the politics of telecommunications. Political interference, policy irregularities, and corruption involving large and advantageous telecommunications infrastructures have been a staple of Thailand's recent political life. How the government can devise a universal service policy that is compatible with the liberalised environment and less susceptible to politicking and vested interests is a serious and practical question.

6.8 Policy Recommendations

This case study suggests that policy formation in Thai telecommunications has come to a crossroads, as several governments have been seeking the benefits of the industry through an amendment of industrial policy. In terms of the large investment projects (e.g., industrial infrastructures and public utilities) of many SOEs, senior officials seemed to put a hold on the projects and did not adopt a potential policy study; the State reports that their lack of concern resulted in failure of the new policy. Practically speaking, policy implementation should be carried out through project investments (e.g., pooling resources and fundraising activity) instead of a heightened ignorance regarding the achievement of the goal and objectives. The burst economic bubble in July 1997 seriously damaged Thailand's economic stability, the baht currency, and left insolvent 51 financial institutions. Its weakened situation had a strong impact on amending some government policies such as the privatisation of the State enterprises to reduce the government's investment burden and the deregulation of the State incumbents for capacity and quality improvement. During this period, policy was guided by the regulations directed by the IMF. The government policy formulation was adapted to align with the international organisation's guidelines and agreements. Officials and executives of the State carefully considered the decisions.

Since the TOT and CAT's past successes were derived from its monopoly privileges, with negotiating power for budget allocations, one senior executive at the TOT noted that 'the transformation of State enterprises and liberalisation of the telecoms industry sounds

acceptable worldwide but Thailand is not suitable for the ideas as long as strong vested interests still dominate the policy system.' (C.K.)[125] The final outcomes are not as familiar as those we may recognise in other countries. The process of making policy is surrounded by a group of stakeholders who tend to sway the government decision. At the end of the day, the SOEs were expelled from bargaining tracks. The policy formulation, which expects to enhance national welfare, is invisible. Nowadays, lobbying is a very serious task for many SOE executives. Their jobs are to make progressive relationships with key policy decision-makers (e.g., Ministers and cabinets) so they can protect organisations from private firm invasions. This is due to the fact that those officials in the position of decision-makers are closed to business entrepreneurs. Policy-makers are likely to base their decisions on the desired amount of special interests offered.

The study of the policy-making process helps us to understand the process and unlock the black box of State decision-making by showing how the Thai State makes decisions on new policies and describes what factors have most affected the decisions. The process portrays the nature of political force and the groups that play a significant role in government decision-making. One strategy attempts to achieve several goals by taking advantage of strengths, developing tools such as public broadcasts, and strengthening connections with government agencies. The Garbage Can Model explains that a developing policy is randomly selected through searching for interdependence between each factor. Findings from this case study also suggest that the policy of the telecom SOEs evolves diversely if the window of opportunity shuts. For example, the liberalisation policy

[125] Interview (TOT-006), conducted in Bangkok, 2006.

of telecommunications has been halted for many years because of top policy-makers. Some may wonder why SOE executives or employee unions do not try to drive the policy. The answer is two-fold. First, the State plans to increase private sector power by giving them the authorisation to compete with the incumbents. The plan to increase capacity of the SOEs has not been finalised. One interviewee told the researcher that the government wanted to wither TOT and CAT by keeping them as State entities operating under the SOEs' laws and regulations, whilst increasing the power of business firms. Many accounting advantages have been not applied to the SOEs, such as being tax-exempt on its debtor write-off system, in spite of the fact that most of their debtors come from government projects and populist campaigns (e.g., an apartment for lower income population, SchoolNet, Universal Service Obligation: USO). Second, the SOEs' employees and unions resist any change in the organisations toward becoming private firms, as they would be required to work harder. Most importantly, the organisation's employee average age is about 45 years old. The TOT has a total workforce of almost 19,000, whereas CAT has 7,000. Transformation would involve the consideration of laying off the less capable employees. None of this is likely to benefit many of them.

Although the process of making a new policy may be considered to follow the Garbage Can model, the implementation of policy must be undertaken with great care in many SOEs so as to press investigation and close public examination.

This behaviour reflects the administrative culture of the Thai government, around which many academic works address. The negative criticism of the Thai government's

administration is presented in the work of the academic professor Rangsan Tanapornpun (2003). His study focused on the interaction between future policy management and economic institutions. He studied the political exploits of SOE project funds, the power of centralisation, and government control of top management power in a State organisation. Tanapornpun (2003) discovered that the restricted power of decentralisation, time-consumed planning, and the disorganised decision-making process of the State forces the SOEs to fund their investments with retained earnings after the treasury remittance, and the foreign and domestic loans. These bursaries are considered to be non-budgetary. Moreover, the SOE's investment plans are not complementary to the comparative analysis between macro-economic effects, resource constraints, and the impact on resource competitiveness with the private sector (Crowding-Out Effect). While Tak Chalermtien's (2005) study of *Dictatorship Patronage System in Thai Politics* points out that the idea development of the Thai leaders, such as Field Marshall Sarit Thanarat, is experiencing a dilemma (Dilemmatic Nature). Historically, his concept of country development was adopted from a mixture of popular western concepts (working professionals, a high level of expertise, and rationality) with local characteristics (hierarchical systems, mysterious nature, and father-son patronage) (Tak Chalermtien, 2005: 306). Relationships are crucial to the expansion and maintenance of a political power base. Political leaders are known to have powerful resources for relationship formation. For this reason, political leaders seek economic power and close ties with powerful groups in the country's economy, so as to obtain resources for political patronages and campaigns. The country's economic policy-making and implementation of mega projects therefore falls into a process of economic rent-seeking between politicians and a group of interest players. The economic policy-making process

has turned out to be overtly favourable for those groups (Thanapornpun, 2003: 99).

Aside from economic and political effects, culture also has a major influence on the process of policy-making in Thailand. Other environmental dynamics, in association with cultural components, include the competitive conditions of firms, the worth of privatisation in relation to advanced management, and technical knowledge.

Concluding Remarks

This study has shown that in the 1990s, the activities of traditionally strong policy actors such as the military and technocrats were checked. At the same time, while State monopolies struggled to maintain their dominance through resisting liberalisation, business interests were becoming overwhelmingly powerful not only through business alliances with politicians but also through direct engagement in politics and strategic ministerial posts in the cabinet.

Emerging public interest advocacy by NGOs, media, academics, and individual senators was only set, in contrast, to exert some influence, albeit restricted, in the political web dominated by money politics. The State monopoly in telecommunications has had a negative impact on the development of ICT, despite a national policy directive on universal access.

CHAPTER VII

CONCLUSIONS

7.1 Research Summary

Monopolistic Competition

As in many parts of the world, the Thai telecommunications services sector operated for a long time under a monopoly regime[126]. As can be expected, politically powerful operators sought to slow down the ability of new entrants to reach customers on competitive terms and stood in the way of necessary regulatory reform (Esserman, 2000:4). The monopolistic structure was nonetheless significantly knocked down by the fragmentation of the telecommunications market in which new kinds of services and products became available to consumers.

In the last couple of years, the determination to foster more domestic competition has been apparent and numerous steps have been taken in that direction. But while the

[126] The assumption underpinning state regulation at both national and international levels was that the technology that lies at the heart of the means of communication represented a natural monopoly (Wilkin, 2001: 27).

monopoly of SOE is almost over, the State is not completely letting go of telecommunications service by any means. This section summarises the history of competition, its impact, and some of the issues faced by the government during the various rounds of transformations. Finally, it highlights the strong institutional component that crafted Thailand's competitive environment.

Desiring Competition

Telecommunications is a field in which the business consumers have been important agents of change (Braithwaite & Drahos, 2000: 341). Like elsewhere in developing economies, the push for competition originated outside of Thailand. State-owned enterprises (SOEs) played an important role in the promotion of competition, albeit indirectly and through their parent Ministries, as the public grew unhappy with the quality and cost of services. The realisation that those networks could be used to generate substantial revenues prompted the private sector to lobby for the introduction of competition.

Despite not having success at achieving a fair competitive environment, the effect of concessions has been manifested in several ways. First, SOEs faced difficulties at seizing an important market share, although the entry of a concessionaire into the market dramatically improved the rate of network deployment. Second, 'After the

concession periods, prices in various segments dropped significantly in the telecommunications market', explicated by executive of finance (V.S.)[127].

Likewise, competition has driven concessionaires to offer schemes that actually reduce prices drastically. A consultant at Thai Mobile argued that, 'The reduction of fees since 1990 can be assumed to be the result of governmental decision rather than that of competition among businesses.' (S.Y.)[128]

Moreover, price competition and its effect on reducing prices is evident with services, such as IP telephony, in which the government does not control pricing. The government has indicated its wish to leave price setting to operators although it continues to set basic telecommunications charges, including monthly fees and mobile calling charges.

Third, the quality and breadth of services improved. A previous PTD Director and current NTC commissioner said that, 'In fact, the disadvantages of the monopolistic system were neither the pace of development, nor uncompetitive pricing but the low quality of services provided by the incumbent.' (S.C.)[129]

[127] Interview (TOT-010), conducted in Bangkok, 2006.

[128] Interview (TOT-050), conducted in Bangkok, 2006.

[129] Interview (NTC-058), conducted in Bangkok, 2006.

Fourth, competition resulted in the adoption of more advanced technology. In turn, the introduction of new technologies (e.g., VoIP telephony) also had an effect on prices. A legal adviser at the NTC stated: 'For example, when a cable operator started offering some sort of data services, the tariffs for ADSL immediately came down tremendously and ADSL was promoted much more aggressively.' (S.Y.)[130]

Consequently, the market share of the landline incumbents has continuously declined over time. An academic background regulator noted that: 'Ultimately, for a telecommunication market to enjoy meaningful competition, players need to be of relatively equal size.' (P.P.)[131]

The same commissioner further explained that in awareness of the difficulty to establish a balance of forces, government rumours aired various plans to merge the TOT and CAT into one entity and divide the assets more or less equally. Second, achieving fair competition is highly dependent on interconnection regulation. In network industries such as telecommunications, it is not enough to simply introduce competition through licensing.

Even at the point of introducing competition, a number of related actions are necessary, especially with regard to interconnection and access to scarce resources such as frequencies, numbers, and rights of way (Samarajiva, 2000: 712). Third, the

[130] Interview (NTC-060), conducted in Bangkok, 2006.

[131] Interview (NTC-057), conducted in Bangkok, 2006.

number of facilities-based competitors is restricted in Thailand, and though this is expected to change, it is not yet clear what types of changes will take place[132].

Unbundling is likely to be particularly attractive when market size and density permit many operators to function, providing both active and potential competition[133]. A factor required for unbundling is a mature, well-developed set of network facilities, so that there is little need for new investments where incentive problems are more likely (Kessides, 2004: 5). Fourth, 'lack of competition' has been replaced by 'malign competition' and abusive practices.

As Thailand's biggest telecommunications operators are State-owned enterprises, one retired president at the TOT commented: 'Managers are motivated by market shares, service expansions, and sales performance. Instead of focusing on profit they had to use simple pricing strategies offering endless discounts to gain customers.' (T.Y.)[134]

Fifth, one of the fundamental shortcomings of the competition policy articulated by the government is the omission of convergence[135]. An extensive rivalry inherent to the

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[132] Facilities-based telecommunications competition can prosper in many different regulatory environments, often bringing startling gains (Spiller & Cardilli, 1997: 137). See also Willner (2002: 47).

[133] The primary virtue of unbundling is that it promotes competition, ensuring that firms provide their services at reasonable prices.

[134] Interview (TOT-002), conducted in Bangkok, 2006.

[135] Royal Thai Government looked into setting up an organisation to oversee reforms in the country's key telecommunications and broadcasting sectors in an attempt to end protracted turf wars that have hampered development in both areas. Early matters for discussion included the restructuring of SOEs and the convergence of telecom services and

system, which often pits Ministries and Administrations against each other, has not yet disappeared[136].

Failure of the Thai Telecommunications Sector

It is important to remember that the presence of external factors makes true competition difficult to attain (Naftel & Spivak, 2000: 89). Nevertheless, several factors specific to Thailand explain the failure of achieving competition in the telecommunications sector.

To some extent, State control is a hurdle to the further development of competition in the sector. SOEs remain wholly funded by the government and do not usually need to worry about the sentiment of the stock market, and/or the investment return of private investors. There are limited incentives for them to push through efficiency improvements. Instead, the temptation is to compete for preferential policies.

The weak regulatory framework prevented the new players from challenging the former State incumbents (TOT and CAT) uncompetitive behaviour legitimately.

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television broadcasting, areas traditionally monitored by separate regulatory bodies. The proposed body was intended to have authority over the individual ministries, which are often more concerned with protecting companies in the sectors that they oversee than with promoting the overall development of the industry. The proposed organisation just passed the cabinet in 2010 and expected to operate in 2013 after several years of discussions.

[136] Today, competition in Thailand still suffers from state agencies' rivalries, such as between TOT and CAT.

Entrants need to build relationships with government officials, in many cases via political patronage. Since the withered role of the Thai State, business patrons strengthened their involvement in the process of policy-making by backing politicians.

External Drivers

The analysis of competition would not be complete without making reference to external factors. Since the second part of the 1990s, Thai policy-makers have worked hard to enable the sector to adapt to the opening of the global telecommunications market and pave the way for Thailand's integration in the global economy.

Since the early 1990s, the Thai government has come under considerable pressure to break the monopoly in telecommunications service, but the transition to a competitive market has proved much harder than what was initially anticipated. Like what was said by an industry expert at TDRI, 'Growing expectations from telephone users, both in terms of quality and breadth of services, coupled with increasing critics and complaints, involved in pushing for an end to the monopoly policy.' (S.T.)[137]

[137] Interview (TDRI-051), conducted in Bangkok, 2006.

A number of institutional features, such as rivalling factions, delayed the introduction of real competition and thus reduced its benefits. The immense size and power of the incumbents also prevented any significant dent into the monopoly.

Thus, external pressures, such as lending agencies, or even Thailand's commitment to full liberalisation, have had little impact on the introduction of competition. The market is still without foreign operators and remains mostly driven from within.

Thai Model

The same TDRI expert also reflected on the Thai model of privatisation that Thailand follows: 'Restructuring, regulating, and only then privatising the sector.' (S.T.). Many studies have shown that the beneficial effect of competition primarily occurs through its interaction with privatisation. Considering Thailand's model of privatisation, as noted since the mid-1990s, the telecommunications sector has undergone a series of reforms that have profoundly transformed the industry's landscape. But the breadth and depth of the restructurings is by no means uniform. While telecommunications has been open to competition and foreign partnership, there has been slow progress in liberalisation. Despite a number of restructuring efforts, competition in fixed-line and mobile services remains sporadic.

Privatisation programmes have also provided substantial financial windfalls to cash-strapped governments while shifting the burden of network development to the private sector. Many public utilities in Thailand, such as power, airlines, and railways, remain under government control. Also, the fact that telecommunications services generate large and continuous revenue streams reduces the incentives of privatisation. Finally, control of communications networks and services has always been observed by senior officials as essential rudiments of national security and, indeed, Thailand's sovereignty[138].

Privatisation, or at least the injection of private capital, is thus an increasingly important issue as transformation of the telecommunications sector continues and the Thai government copes with the conflicting goals of sovereignty and economic prosperity.

A number of peculiarities emerge from Thailand's model of telecommunications liberalisation. As far as the process is concerned, new players in the industry were more a product of domestic political power games than of market economy. As noted, the initial push to introduce competition came through the bargaining of sharing special interests.

[138] As pointed out by Noll (1999b: 8) an important barrier to liberalisation in all developing countries is the view that privatisation amounts to loss of sovereignty.

As this thesis discovered, the lack of direct international pressure played an important role in maintaining the status quo or at least in delaying the liberalisation process. International lending agencies have been involved in telecommunications liberalisation, focusing their attention on other sectors judged to be more prone to transformation. Moreover, in light of Thailand's limited WTO commitments and the global slump of telecommunications, an NTC consultant surmised that: 'In the foreseeable future, competition is not going to be among foreign operators but among domestic companies.' (D.C.)[139]

A former lecturer at TOT Academy confirmed D.C.'s assumption: 'If we consider the outcome, unlike other countries, most, if not all, of the competition in telecommunication services still takes place between State-owned or State-run enterprises and their concessionaires.' (P.P.)[140]

This overwhelming presence of the State can be attributed to historical reasons. Since the creation of Thailand, the incumbent has been State-owned. While other countries undergoing liberalisation have opened the market to non-State operators and reduced their ownership in the incumbents, the Thai government seems keen on maintaining control over all telecommunications and other basic services.

[139] Interview (NTC-052), conducted in Bangkok, 2006.

[140] Interview (NTC-057), conducted in Bangkok, 2006.

The Privatisation of Thai Telecommunications[141]

The World Bank found that private financing in telecommunications in developing economies between 1990 and 2001 amounted to $331.5 billion USD (Kessides, 2004:11). Since 1988, over $70 billion USD has been increased by the privatisation of public telecommunications operators (PTOs) in developing countries, of which 14%, nearly $10 billion USD, has come from Asia and the Pacific region (Ure, 2004)[142]. Different explanations describe the privatisation direction in developing countries. Privatisation turned into an accepted policy as the restricted role of government-owned companies to deliver secure telecommunications services on a national scale was identified. It was to some degree driven by government under-supplying in terms of money and the difficulty of an unfair competitive natural monopoly in the area[143]. In developing countries, privately owned investing – through privatisation of the public carrier or other forms of private sector participation – has often been the only formula as governments have had to deal with lack of public funds and debt (Pisciotta, 1997: 333). A common privatisation procedure is one in which stock is issued in a new telecommunications company from the previous State telecommunications bureau

[141] Privatisation is defined as the sale of at least 50% of the assets to the private sector but it can take other forms, such as partial privatisation (the sale of less than 50% of assets), the transfer of assets to the private sector under a leasing arrangement, or the introduction of management contracting arrangements (Ros & Banerjee, 2000: 234).

[142] By the end of 1999, more than half of Asian and Latin American countries and one-third of African countries had privatised their telecommunications providers (Wallsten, 2000: 3).

[143] Privatisation of incumbent operators started in the early 1980s with the privatisation of British Telecommunication in the United Kingdom (Li, Qiang et al., 2000: 5). See also Ambrose et al. (1990: 11).

(Noll, 2000a: 22)[144]. In most countries, however, this is not necessarily equitable to private capitalists because the process is still somewhat controlled by the State. The State typically preserves the largest sole quota of the PTO's total face value of a company's shares (Boylaud & Nicoletti, 2000: 11).

Even with the struggle of many governments to wholly privatise their PTOs, copious studies have demonstrated the advantages of a similar kind of a policy. Raised contribution of private funds expedites a more speedy expansion in network penetration (Petrazzini, 1997: 352). Actually, privatisation, with the appropriate institutional requirements, can assume considerable enhancements in performance (Wallsten, 2000: 16). It also enables a net inflow of capital from overseas while preserving corporations from political constraint over job and acquisition issues (Noll, 1999b: 14). Privatised operators are frequently capable of raising extra financial resources from the capital market, and self-sufficient suppliers of capital push management to act in ways that are beneficial to them, as well as oppose disturbance from bureaucrats and politicians (Melody, 1997: 20). Privatisation in many cases also indicates less cross-subsidisation in the telecommunications sector (Noll, 2000a: 22)[145].

[144] The stock is owned and held by the government and slowly sold on open markets. This slow path to real privatisation was taken in France, Germany, and Japan.

[145] One problem with government ownership is that new competitive entrants will not be treated on the same basis as the incumbent.

Many governments have preferred to privatise their countrywide telecommunications carriers at an early stage as a way to express their commitment to market remodelling, to magnetise private and foreign investment into national basic structure, promote income and thus lessen the public debt, and convey management expertise (Li & Xu, 2002b: 441). Given the telecommunications sector's economic, social, and technological significance, many privatisation plans have created substantial contention (Bortolotti et al., 2002: 244-45).

In spite of the fact that privatisation heightens the chances for worldwide service, governments must consider the exchange between money-orientated and social goals (Petrazzini, 1996a: 2; Ambrose et al., 1990: 3). Second, State ownership and expected privatisation result in relatively unchanged prices and quality, as it is not ownership in itself but the extent of rivalry in the market that controls prices. Third, the effect of State ownership and the proper privatisation series varies across telecommunications businesses (Boylaud & Nicoletti, 2000: 22). Fourth, there is no proof that privatisation contributes to higher development in main lines per 100 inhabitants in those countries with a GDP per capita of less than $10,000 USD (Ros, 1999: 88). Absence of transparency can also tremendously delay the process of liberalisation and decrease the advantages of privatisation (Intven et al., 2000: 2-17).

Contest and intensified private involvement are policies that regulators can employ to satisfy most social and economic goals, but a privatised market can also dramatically boost the claim for regulatory interference and proffer regulatory resources

(specifically in developing countries) (Petrazzini, 1997: 349). At long last, endeavours to enhance the allotment of property rights and announce better inducements for managers were affordable without privatisation (Megginson & Netter, 2001).

Furthermore, the privatisation of the telecommunications industry is even more complex in that its benefits are exploited when linked with other liberalisation policies, especially those connecting contention and regulatory reforms. First, private ownership is most streamlined in markets in which there is powerful competition. Private engagement has had an overwhelmingly positive influence in situations in which competition for service provision has been established.[146] Where monopolies or oligopolies found, the benefits of launching private ownership are minimal, and the case for privatisation is not strong (Fink et al., 2001: 7)[147]. Further, merely transferring a monopoly supplier from the public realm into the private sector will not cause improved performance (Ambrose et al., 1990: 12). In other words, best policy entails bundling vying policies with privatisation.

Second, imminent privatisation of a previously State-owned monopoly would likely result in the formation of a new institutional framework centred on the initiation of rules, incentives to advance competition, and a regulatory organisation able to patrol

[146] In the absence of competition, on the other hand, private participation can produce poor results (Harris, 2003: 24-25).

[147] State policymakers have used the privatisation argument to justify neglect of competitive regulations and, simultaneously, to disguise their primary imperative, maximising stock prices, and thus the budgetary windfall from privatisation (Dornisch, 2001: 398).

these rules (Levi-Faur, 2003: 710; Noll, 2000b: 6)[148]. Developing an administrative unit before telecommunications privatisation is related to higher levels after sale of telephone access, investment in telecommunications infrastructure, and mobile cellular charges. A crucial source of developments in the financial and operating performance of telecom companies post-sale originates from regulatory amendments alone or an integration of those with privatisation, and not from privatisation alone (Bortolotti, D'Souza et al., 2002: 266; Kessides, 2004: 58; Wallsten, 2002: 15).

Different countries have attempted a variety of techniques for the establishment of privatisation. Latin American countries are much more likely to completely privatise when they sell State-owned assets, while Asian governments have a policy of gradual change, selling minority risks over time (Doh & Teegen, 2003: 50)[149]. Despite the decline of customary public monopolies, most governments still seem reluctant to consent free entrance, to remove bounds on non-State and foreign ownership, and to construct robust impartial regulators in this sector (Fink et al., 2001: 1). In this respect, Thailand's movement to radical reforms is not that distant from others in Asia.

[149] In Brazil, privatisation has been carried out through the granting of concessions rather than a permanent transfer of assets (Amann & Baer, 2005: 424).

Thailand's Experience

The Thai model of privatisation is not exempt from problems. A TOT director of a strategic sector commented: 'SOEs such as TOT and CAT remain State-controlled create much ambiguity about the actual aims and role of both agencies. On one side, it would like to gain the benefits of competition by liberalising the sector.' (J.P.)[150]

An NITC engineer commented that 'On the other side, as telecommunications were and are still considered a strategic industry, full privatisation, like majority foreign direct investment, remains a highly sensitive issue, and an unrealistic policy option' (C.T.)[151].

For some observers, 'Incorporation without privatisation has actually worsened the agency problem at many firms, because they are owned by the State but control rights are divided between government bureaucrats and enterprise managers of the enterprises.' (S.T.)[152]

There is a strong likelihood that Thailand's telecommunications industry strategy is doing little to lessen the State's role in decision-making, at either the macro or the micro-economic level, with damaging consequences.

[150] Interview (TOT-028), conducted in Bangkok 2006.

[151] Interview (NITC-062), conducted in Bangkok 2009.

[152] Interview (TDRI-051), conducted in Bangkok 2006.

Despite several rounds of administrative restructuring, MOTC and MOF managed to maintain a central role in telecommunications policy-making. Thailand's half-baked and belated privatisation efforts can also be explained by the fact that the main wave of telecommunications privatisation around the world took place in the second half of the 1990s as a result of economic collapse in 1997. In many Asian countries this sector has been one of the last to undergo liberalisation. At the same time, pressure from multilateral agencies, such as the World Bank and the Asian Development Bank, to liberalise the economy has tended to be concentrated in other sectors.

Issues with Thailand's Privatisation Process

Although the SOE corporatized strategy may have fulfilled the objectives of the conservative fringes of the government, a number of issues have been left unresolved. First, one feature of the model seems to be the impediment that 'The rules, institutions and instruments commonly associated with independent regulation are left undeveloped.' (T.K.)[153]

In the absence of an overarching Telecommunications Law, the sector is reliant upon Royal Thai Government (and ministry-level) regulation and ad hoc intervention. Public policy objectives aside, the lack of a comprehensive legal framework for the sector represents a major obstacle to broader private participation. Second, many of the

[153] Interview (NECTEC-064), conducted in Bangkok, 2009.

board members and top-level managers of the telecommunications SOEs remain closely connected with the authorities. A TOT retiree pointed out a very important point that: 'Capitalists, both domestic and foreign, have increased opportunity of significantly influencing management decisions and directing preferential policies through link with politicians and sponsorship.' (R.B.)[154]

As of today, Thailand's telecommunications sector remains largely State-controlled and the government's plans give no indication that the current transition will lead to a future movement toward privatisation. Given the importance placed on maintaining such control, full privatisation or sales, which would leave the State a minority shareholder, are not likely in the near future. The current institutional setting, characterised as having a lack of independent judiciary and regulatory body, offers no credible method of deterring regulatory opportunism and leaves public ownership as the default option (Newbery, 1999: 57). In itself, this is not a problem because ownership is only one of many measures, such as changes to market structure and the creation of a pro-market regulatory framework, that are necessary to improve performance (Bauer, 1995: 272). Nonetheless, there is little doubt that the healthy development of the sector relies on the creation of a level playing field, and that this will necessitate further successions in terms of restructuring. Ultimately, full privatisation or majority ownership, by reducing the conflict of interest that are inherent in the current system, would at least enable the government to better perform

[154] Interview (TOT-005), conducted in Bangkok, 2006.

its regulatory role and better serve the interests of both the public and the investor community.

Comparison with the Electricity Sector

To what extent does Thailand's model of telecommunications liberalisation differ from other sectors' experiences? To provide an answer, it is compared with the reshaping of the electricity sector. Of all utilities, electricity probably offers the best comparison[155]. Just like the telecommunications sector, electricity reforms in developing and transitional countries were driven by the poor operating and financial performance of State-owned electricity systems, the lack of public funds, the unavailability of service for large portions of the population, and government desires to raise revenue through privatisation (Kessides, 2004: 135).

In Thailand, the electricity sector is dominated by a State-owned enterprise, EGAT, which is involved in generation, transmission, distribution, and retail, both at the national and provincial levels. The industry is highly regulated by EGAT. Prices are

[155] For a long time, utilities have been considered natural monopolies, that is, until the unbundling of the value-chain showed that only a few elements in the service are non-competitive, such as local residential telephony or local loop for telecommunications and high-voltage transmission and local distribution for electricity (Kessides, 2004: 37). However, the comparison between privatising energy and telecommunications holds to a certain extent only as the gains from relaxing the constraints on investment are much larger and there is less concern on the part of the buyers that the regulatory compact will fail (Newbery, 1999: 291).

centrally fixed. The State has also placed a high priority on the development of the power sector[156].

Similarities and differences

Restructuring the telecommunications and electricity sectors share a number of characteristics. First, the electricity industry underwent institutional restructuring. Second, the State remains an owner. Third, akin to MICT and its predecessors (TOT & CAT), the Ministry of Energy as owner, and EGAT, regulator and policy-maker, has dominated the electric industry. Although both sectors share many structural similarities, the timing, pace, and nature of reforms varies significantly.

A closer look at some of the changes will help illustrate a clearer picture of those factors. First, the electricity sector benefits from a much better-defined regulatory framework. Second, the amount of revenues generated by both sectors greatly contributed to the Thai economy, making telecommunications a much more strategic sector, while the power sector is the highest source of revenue of the country. This has prompted the government to handle the remodelling with extra care. Third, private investment has been allowed in the power industry. Fourth, institutional discontinuity

[156] In the sector of power the role of private investors was seen as complementary and additional to that of public enterprises (Gabriele, 2004: 1323). Moreover, direct supervision by higher-level government bodies, as well as horizontal and vertical inter-agency negotiations leading to consensus solutions, have been the norm in the power industry.

has meant that the government has not been able to appropriately restructure the bureaucracies that oversee the electricity sector to smooth the way for independent power producers (IPPs). For instance, it still preserves an EGAT monopoly that has overseen the sector. Restructuring of the policy-implementing machinery has undermined the pragmatism at the policy-making levels, leading to relatively opposing implementation. Fifth, in the sector of power, Thailand saw the role of private investors as hostile to that of public enterprises. The restructuring of the power sector, EGAT in particular, has gone in the opposite direction of many other sectors. Successive governments will be faced with challenges related to its unique set of forces and conditions.

This brief comparison with the electricity sector reveals that the liberalisation process in both utilities shares a number of similarities and differences but that the outcome of the liberalisation efforts differs notably.

7.2 Contributions to Knowledge

This study provides insight in regard to understanding the effects of key factors in the policy process and actions of the Thai State. Moreover, it applies knowledge, management theories, State characteristics, and a policy model in the context of a highly institutionalised environment. The data was analysed by employing the framework of policy models in

political institutions (Kingdon, 1995), complemented with a State manoeuvrability and responsibility model (Singh, 1999) through a historical approach. This study also compared the progression of the privatisation in other Thai power sectors and that of privatisation in other countries that have similar backgrounds (e.g., Singapore, Malaysia, Philippines).

1. This study provides a comprehensive understanding of key influences on the dynamic changes in the policy-making process of the Thai State toward telecommunications State enterprises.

2. This research offers an in-depth analysis of diverse factors in the evolution of the policy-making of the Thai State in the telecommunications sector. The study applied the policy model of Kingdon (1995) and the type of the State ability (Singh, 1999) to managing the conversion of the policy-making process into the study analysis framework.

3. This thesis presents an analytical framework developed from the model of the decision-making process (a Garbage Can Model) in political institutions (Kingdon, 1995). According to his work, the government will reach a policy decision when social and political streams are convergent and the window of opportunity is opened.

Implications for Theory

Policy process

By describing the process of policy in many policy-making literatures (Hill, 2005), the field tends to neglect other essential features of policy frameworks. This research study considers Kingdon's (1995) multiple streams framework as the most useful model. Not only does it regard the agenda-setting stage of the policy process as important and worthy of attention, it also attempts to explain this via an internally consistent model with empirical evidence. Kingdon's political model of the policy-making process explains how policy is formulated in an open political system such as in the United States or United Kingdom where there is more public participation, but the model was less helpful in explaining the situations in which institutional settings still dominate the system, such as in Thailand.

The findings do not support the independence of the three streams of problem, policy, and politics as Kingdon (1995) claimed because there is actually an interdependent relationship between policy and politics, as supported by the work of Kendall (2000). Still, these findings suggest that politics drove the policy process of telecommunications in Thailand from 1990 up until 2001. Although Kingdon's (1995) model seriously considers prioritising agendas, it seems to overlook the potentially transformative power of civil society to interrupt policy development. This could happen even after successful coupling of the three streams of problem, policy, and politics has occurred.

Class Power Analysis

These research findings suggest that simply noting the differences between main groups is insufficient in terms of theory. Moreover, the study further suggests that inserting powerful ideas into political discussion should be considered a political consequence rather than as control. This research contributes to the increasing literature on policy-making, adding to the evidence that highlights the constrained environment under which the State and industrial players determine the degree of success or failure. The most important contribution of this research is to provide a case study analysis of the evolution of the policy-making process in a highly institutionalised environment: Thailand.

Implications for Policy

Policy Dominators

The open political system invites various groups into the policy-making process. However, there are a few powerful groups that have shaped the process in quite profound ways to attain concrete policy outcomes and control over policy and political outcomes. Policy-makers need to be knowledgeable of two important tools in the policy paradigm; first, they should develop the policy schemes, whereas second, they should create instruments to convey the initiatives.

These findings show that erratic paradigms and frail, unofficial policy apparatuses, policy-making in particular, may reduce successful opportunities for policy. This study proposes that the protection of the policy process through the use of formal tools can secure a wider range of various actors while increasing debate and counterbalances within the system.

Implications for Research

In order to gain better understanding of the public policy process, I attempted to use an analytical and qualitative case study. The case study design helps to display relatively obscure processes and difficult-to-quantify information; it also identifies issues of concern in a wider political and social context. As Newman (2002) articulately postulated, we need to surpass the content of policy reports and instead determine the processes that stimulate development or change in the policy process in order to draw conclusions about what actually happens in social policy.

In sum, more study as to the influence of interest groups, including bureaucrats, technocrats, capitalists, politicians, and their interaction with the policy process in Thailand's telecommunications should be completed. Moreover, an additional avenue of research is to clarify and formulate policy, examine the influential players, and illustrate how the groups have an effect on policy.

7.3 Theoretical Recommendations

Findings from this case study show that policy-making by the Thai State in telecommunications was influenced by endogenous and exogenous factors such as politics, institutions, and culture. In addition, dynamic growth and economic development shape State policy. The government's decision would have been a result of the consideration of the enterprises' operations, but is not related to decisions at the institutional level, or to cross-agency decisions. However, the State's decision will create a complex environment, power diversity, and an overlap or cross-over power boundary (Wikstrom, 2002: 21-30) which allows the State, as the key decision-maker, to understand needs of the general public, the private sector (Agranoff, 2003), and civil society (Linden, 2002).

The main research question was to develop a framework of the effect of powerful factors on the policy-making of the Thai State and its ability to lead the process. Two assumptions have been taken from a traditional concept of the policy-making process, and the significance of key players.

The first assumption is based on the principle of rationality in State decision-making. The second assumption reflects the thought of a Post-Positivist (Fischer, 2000) who believes in relationships and linkages in the decision-making process. This may assist in developing a public policy direction and improve efficiency of management. The notion was designed to broaden the study of participation in the policy-making process. Desired results should be

obtained as interests are more clearly understood and strong partnerships are built between various segments to solve important issues.

7.4 Limitations of the Research

This study was an analysis of a conceptual framework that reflects the evolution of core knowledge related to the policy-making process. In particular, the scope of this research's framework can be extended to a policy-making analysis model in other Thai sectors or countries with a similar setting and background. Nevertheless, the study has some limitations that leave room for future research. Future work should be designed to scrutinise the robustness of decision-making theory and a Garbage Can Model in political institutions, according to Kingdon (1995) and Singh (1999), in particular State characteristics, and public policy. Although the analysis framework employed in this study is convincing and able to explain the Thai State policy process, it is important to note that there are no constructive models with which to explain the telecom policy in Thailand. It is almost impossible to develop a dynamic telecommunications policy or increase SOE capacity.

Moreover, politicians and capitalists refused to be part of the interview as they were not involved with the decision process during the research period, and would be removed if

this study were extended to respondents who knew and were involved with the policy-making process during the specific research period. Secondly, due to the scope of the study and research time restriction, a qualitative method was adopted through the lens of interviews, literature sources, and major evidence sources. Therefore, future work will be advanced through use of quantitative measures.

The collection of interviewing and documentary materials supplied the main sources of data for the present research. When I began this process, my ambition to gain knowledge and valuable information for the study was very high. As time went by, it became apparent that the limitation of memory might be a significant barrier. Information about their past performance was not retained by most current top managers, as they had no significant roles in their organisations ten years ago. With the recent reconfiguration of the telecommunications market and political instability, the State-owned enterprises tended to be quite secretive with internal information. Moreover, historical information in Thailand's public sector is not constitutionally guaranteed to be transparent and precise, as in other countries.

Nevertheless, the issue was resolved by conducting a second and third round of interviews. Together with a collection of material for study, the industry's structure and policy during the period of 1990-2001 was a main focus. It was important not lose its focus on the evolution of ICT policy over time and the key forces in that process in relation to the changing telecommunications environment.

Kingdon's (1995) political model and Singh's (1999) telecommunications restructuring factors and State features are useful in providing an analytical framework for understanding the evolution of the policy process, in particular the interactions between policy actors. Nonetheless, while the Kingdon (1995) Garbage Can policy model has merits in providing a framework to identify the elements that go into the policy process, it does not accommodate the historical and structural elements pre-existing in the political and social system. In other words, the Kingdon (1995) model assumes free participation in policy evolution, as can be predicted in more mature democracies such as the United States. In an immature democracy, though, such as Thailand, many actors do not operate by democratic and participatory rules and the larger public's access to public policy-making remains restricted. Beyond what has been stated, in a society where politics is still dominated by a small corporation of power elites with diverging interests, and where the government is weak, the State cannot be guaranteed to act as arbiter between competing interests.

Singh's (1999) State typography is relevant in explaining the behaviours of the State, such as the restrictions that governments of developing countries tend to face in the policy-making process (e.g., the existence of special interests and local power elites). The range of manoeuvrability and responsibility of the State provided by Singh (1999) helps to predict the State's unaccountable and inconsistent behaviours in policy-making within the context of ineffectual political institutions and to combat the more and more powerful forces of capitalists. In Thailand's case, the chronicle of State behaviours, in particular the historical pattern of control and ownership, helps to elucidate its current characteristics.

However, such intricate social practices cannot be explained completely by any single theoretical model. Each society is unique, with distinct elements arising from unique historical and cultural backgrounds. In attempting to understand a phenomenon in a given social system, it is proper to place the subject of investigation within a historical and cultural context.

7.5 Recommendations for Future Research

Future research could focus on an expansion of the focus on administration and political decision-making in public administration. As mentioned earlier, the logic regarding the appropriateness of a joint selection is embedded in decision-making (e.g., Waldo, 1952: 81-103, March & Olsen, 1989) and is connected to social rationality and organisational logic (Weick, 1995). The findings explain the process of policy-making in the telecommunications industry, as analysed through the Garbage Can model and the State's capacity to manipulate and be responsible for its desired outcomes. The observations and analyses contribute to a wider academic debate and discussion regarding an improved, developed, and refined definition of the decision-making process, but more importantly the hope was to recreate the powerful and effective policy process determine by the State.

The researcher has some further suggestions in light of the results of this study.

1. Future research should test the conceptual framework presented in this study so as to support the research methodology and demonstrate its limitations. Moreover, the same group of respondents should be used to prove the data gathered, as well as the interview questions. If the findings are replicated, it would enhance the quality of validity and reliability of this study.

2. Future research should adopt a quantitative method rather than a single qualitative analysis. Future researchers should seek to eliminate unnecessary information from the overwhelming amount of data, and take advantage of public comments and feedback.

3. Future research should verify the theoretical concepts and analytical framework of the policy formulation process and the effect of other factors. This could provide a better understanding of the factors that are most important in the State's policy-making process.

4. The future work should conduct an idea comparison between key players in public policy undertakings, such as politicians, government officials, business capitalists, and other relevant stakeholders in the process.

5. Future research should broadly compare the process of Thai State policy-making with other countries that have similar contexts in terms of economy, politics, and culture such as Indonesia, Philippines, etc.

Concluding Remarks

I have described and compared the cultural and institutional parameters of the patron-client relationship in Thailand on which telecom policy outcomes may be understood. This method was compelled by the recognition that culture and institutions have direct influence on the process of policy-making activities. In this regard, an attempt was made to illustrate the link between culture, institutions, and national policy in which their dynamic interplay is reflected in patron-client networks pervasive in the society. It was noted that these networks bind and, to a certain extent, provide some degree of stability to Thailand as they are underpinned by a common value that is central to its society: the family. Family is the basis of personal values and social values (i.e., values underlying the concept private and public spheres, leadership, etc.). Given this fact, it would not be surprising that Thailand's economic and political values exert a certain degree of influence on national telecommunications policy-making as well. This is expected as economic and political values are part of social values transmitted through socialisation. But behind the apparent cultural factors are a fundamental institutional characteristic underpinned by a political arrangement unique to this country.

Aside from a strong foundation in Thai traditions, which give legitimacy to their authorities, Thai traditions are also arranged in such a way that the power of a monopoly is limited. As the cabinet minister, who belongs to the clique in power, becomes the patron of his ministry, he is obligated by tradition to protect and fight for his subordinates (who are now his clients from whom he can expect deference and respect), including the budget of

his ministry, not just within the cabinet but also within the clique. This creates competition among ministries, which has profound implications on the telecommunications policy-making process. It must be stressed that this has been the arrangement under bureaucratic polity and has appeared to be conducive for rapid capital accumulation. Over time, however, the once-excluded business sector has become an active participant in Thai politics and has since changed Thailand's political landscape.

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APPENDIX A

List of Interviewees

Affiliation	Years of Experience
1. CEO, TOT	2
2. Retired CEO, TOT	34
3. Metropolitan Area, TOT	35
4. Corporate Strategy, TOT	33
5. Retired Operations, TOT	34
6. Special Project, TOT	34
7. Corporate Audit and Assurance, TOT	33
8. Accounting Policy and Control, TOT	36
9. Retired Senior Advisory Committee, TOT	36
10. Investment Management, TOT	31
11. Marketing and Product Development, TOT	34
12. Corporate Strategy Department, TOT	21
13. Regional Sale and Service 4 (South) , TOT	34
14. Retired Finance and Accounting, TOT	33
15. Financial Department, (CFO), TOT	2

16. Marketing, (CMO) , TOT	2
17. Retired Quality and Business Process, TOT	23
18. Retired Corporate Support, TOT	25
19. Operations, TOT	34
20. Multimedia Business Development Department, TOT	28
21. Retired International Business Development Department, TOT	32
22. Organisational Development and Performance Management Department, TOT	29
23. Retired Corporate Customer Sales and Services Department, TOT	30
24. ICT Policy Sector, and TOT's President Consultant, TOT	18
25. Instructor and Course Development Sector, TOT	19
26. Telephone Exchange, TOT	28
27. Operations, TOT	26
28. Corporate Strategic Planning Sector, TOT	24
29. Corporate Strategy Evaluation Section, TOT	27
30. Corporate Plans Integration Sector, TOT	28
31. Strategic Planning Sector, TOT	22
32. Budgetary Sector, TOT	27
33. Procurement Sector, TOT	23
34. Financial Sector, TOT	15
35. Concession Legal Sector, TOT	18

36. Information Technology Sector, TOT	23
37. Public Relations Sector, TOT	34
38. Strategic Planning for International Unit, TOT	27
39. Customer Service Sector, TOT	22
40. Vice President of Operations Department, TOT	25
41. Vice President of Human Resource Department, TOT	28
42. Vice President of Regional Service 4 (South) Department, TOT	26
43. Senior Executive Vice President of Operation, TOT	28
44. Senior Director of Operation, TOT	29
45. Executive- Senior Executive Vice President of Operation, TOT	27
46. Senior Director of Operation, TOT	30
47. Telecommunications Academic Specialist of TOT Academy	15
48. Executive Consultant, TOT	10
49. TOT Executive Consultant of Laws	20
50. Thai-Mobile Committee, TOT Union Committee	26
51. Director of Technology Development and Research Institute, TDRI	18
52. Former MOF Deputy Minister, MOTC Deputy Minister, and NTC Consultant	35
53. Deputy Director-General, State Enterprise Policy Office (SEPO), Ministry of Finance	29
54. Chairman, NTC	2

55. Commissioner, NTC	2
56. Commissioner, NTC	2
57. Commissioner, NTC	2
58. Commissioner, NTC	2
59. Commissioner, NTC	2
60. Commissioner, NTC	2
61. Former NITC director	3
62. NITC, engineer	3
63. NITC, engineer	5
64. NECTEC former director	5
65. NECTEC/NITC, software park former MD	3

APPENDIX B

Table 1.1 Privatisation and Market Liberalisation Summary

	Incumbent Provider	Local	Toll	Int'l	Cellular	*VAS**	CPE
Singapore	Partial pvtn.	R	R	R	C	C	C
Malaysia	Partial pvtn.	M	C	C	C	C	C
India	Govt. owned	P	P	M	C	C	C
Philippines	Private	C	C	C	C	C	C

R: recently liberalised; M: monopoly; P: partial competition; C: competitive; G: government providers' competition. A few categories are adapted and updated from Gary Clyde Hufbauer, & ErikaWada (Eds.). (1997). Unfinished business: Telecommunications after the Uruguay round (p. 159). Washington, DC: Institute for International Economics.

**Includes Internet.*

Table 2.1 State Decision-Making Process

State Type	Manoeuvrability	Responsibility	Examples
Catalytic	High	High	Singapore, S.Korea
			Near-Catalytic Mexico, Malaysia
Dysfunctional	Low	Variable	Brazil, China, India (1967-1995)
Predatory	High	None	Myanmar, Congo

Note. *[Definitions of Manoeuvrability: The State's ability to impose its own agenda and shape societal choices. Responsibility: Commitment to development while helping the State increases its legitimacy. Adapted from Leapfrogging Development? The Political Economy of Telecommunications Restructuring (Table 2.2: 43), by Singh, 1999, NY: State University of New York Press.]*

Table 3.1 Sources of data during conducting the interviews

Source	First Round (2006)	Second Round (2007-8)	Third Round (2009)
Ministry of Finance (SEPO)	1		
National Telecommunication Commission (NTC)	7		
TDRI Telecommunications Experts	1		
TOT's current President (CEO)	1		
TOT's Senior Executives Vice President (SEVP)	15	1	
NECTEC'S former Senior Director			1
TOT's Executives Vice President (EVP)	8		
NITC former Senior Director			1
TOT's Vice President (VP)	4		
TOT's Specialists	3		
NECTEC's Engineers			1

Continue on next page

Source	First Round (2006)	Second Round (2007-8)	Third Round (2009)
NITC's Engineers			1
NECTEC/ NITC Managing Director (MD)			1
TOT's Senior Director (SD)	10		
TOT's Union Official &Thai Mobile Board Committee	1		
TOT Annual Reports and Organisational Charts	1990-2006	2007-2008	
Other Documents	----------NECTEC, NITC, BOT, TDRI, CAT, NESDB--------		
Retired Executives			
A Retired Deputy of MOTC	1		
TOT's Retired President	1		
TOT's Retired Senior Executives Vice President (SEVP)	2	3	
TOT's Retired Vice President (VP)	3		
TOT's Retired Senior Director (SD)	2		

Table 3.2 The Research Quality

Quality criteria	Research Quality Measurement
Research Design (Kidder and Judd, 1986)	
Reliability	Use of case protocol and the development of the case study database (documents, archives)
Qualitative Approach (Bryman, 1989; Stake, 1995)	
Validity of case description	See above the measures for ensuring validity
Close proximity to the phenomenon under study	The researcher has been the TOT employee since 2002, and received scholarship for PhD study in 2004. The researcher has established relationships with those institutions through the link of her work ties.
Flexible research structure	Simply following the conceptual framework of Singh (1999) and Kingdon (1995)
Multiple realities through holistic data	Multiple data sources and collection methods
Case Study Approach (Yin, 1994)	
Validity of empirical data	See above the measures for ensuring validity
Understanding dynamics of single settings	Being one of the participating forces in the policy model

Table 4.1 Reference Paper on Basic Telecommunications

Contents	
Purpose	The Reference Paper establishes a set of pro-competitive regulatory principles to safeguard foreign services and service suppliers from monopoly or dominant suppliers of basic telecommunications services
Applicability	The Reference Paper applies only to the extent that WTO Members incorporate it in column 4, 'additional commitments', of their schedules of specific commitments for basic telecommunications services
Impact	The Reference Paper is the first legally enforceable, multilateral trade instrument establishing standards to safeguard competition, provide transparent licensing procedures, and require independent regulators
Key Provisions	The Reference Paper requires Members to: prevent anti-competitive practices such as cross-subsidisation; ensure interconnection at any technically feasible point in the network under non-discriminatory terms, conditions and rates; administer neutral manner; make licensing criteria publicly available; establish a regulator that is separate from and not accountable to any supplier of basic telecommunications services (but not necessarily independent of all government ministries); and manage the allocation and use of scarce resources such as frequencies in an objective, timely, transparent, and non-discriminatory manner

***Source**: Wunsch-Vincent (2004).*

Table 4.2 Thailand's WTO Binding Agreements

Agreements	Compliant Deadline	Conditions
Basic Telecommunications	**2006**	Comply with liberalisation conditions when telecommunications-related
Public domestic and international telecommunications services in telephone, telegraph, facsimile and telex • Foreign partners cannot hold more than 20% shares of registered capital • No more than 20% foreign ownership		
Value-added Telecommunications	**1993**	
Data transfer and delivery over telecommunications networks and other services beyond basic telecommunications, e.g., equipment sales, radio and television production • Foreign partners cannot hold more than 40% shares of registered capital • No more than 40% foreign ownership		

Note. *[From Ministry of Commerce, cited in Rattananuban and Somboontanon, 2000a, p.1]*

Table 4.3 Thailand's electricity sector: 1968–1992

Utility	Inception	Mandate and functions
EGAT	**1968**	Sole agency responsible for electricity generation and transmission in Thailand; central planning of national electricity development; pricing and tariffs; direct power and electricity distribution to a few, key large consumers
MEA	**1958**	Responsible for distribution and all retail service functions (connections, meters, billing, maintenance) in key metropolitan areas such as Bangkok, Nonthaburi and Samut Prakan
PEA	**1960**	Distribution responsibilities for all other (predominantly rural) areas outside of Bangkok, Nonthaburi and Samut Prakan

***Source**: Woo (2005, p.5); EPPO, Energy Sector Management in Thailand, p.15.*

Table 4.4 Telecommunications Master Plan (1997): Goals and Policies

Goals	Policies
1. Provide adequate telecommunications access	1. Liberalise the telecommunications industry by bringing monopoly to an end an increasing the role of the private sector
2. Ensure international standard services	2. Separate regulating authority from operating authority
3. Ensure that service charges are reasonable for both providers and consumers	3. Privatise TOT and CAT
4. Promote Thailand as a competitive market and as regional hub for telecommunications	4. Promote R&D, HR development and legal infrastructure in telecommunications 4.1 Develop Thailand to become telecommunications regional hub

***Note**: Adapted from 'Thailand's Readiness for Telecommunications Liberalisation,' by Rewadee Rattananubal and Apriradee Somboontanon, 2000, October 2, Bank of Thailand, p. 3. Retrieved March 6, 2001 from the World Wide Web: http://www.bot.or.th/BOTHomepage/DataBank/Real_Sector /ServiceandOther/Article/10-2-2000.Th-I-1/telecommunication-free.pdf.*

Table 4.5 Telecommunication Privatisation and Liberalisation in Other Countries

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Singapore

- Privatisation began in 1990, with the sale of 11% of stock (the initial announcement was for 20-25%). Only 2% sold to foreigners, 26% to be sold by 2000
- Singapore Telecom monopoly on basic services until 2000. Cellular and paging privatised in 1997
- Market opening to foreigners by 2000 through WTO Telecom accord. 49% foreign ownership

Malaysia

- Dominant carrier (Telekom Malaysia) privatisation began in 1990 with the sale of 25% stock, now 34%. It became profitable by 1993. Earlier corporatized in 1986 as Syarikat Telekom Malaysia
- Private cellular providers began to be commissioned in 1989. Celcom controlled 66% of the market by 2000. Eight providers in cellular, fixed line and satellite based services by 1995 and 32 in paging existed by 1995
- Market access and foreign investment (limited to 30%) provided under the WTO Telecom Accord
- The Communication and Multimedia Act became effective in 1999 and fosters convergence

India

- 1994 telecom policy divided the country into 21 circles allowing a private firm to compete with DoT in each circle for local and intra-circle toll. Licenses given in 1996-97 but most efforts stalled by licensing and interconnection disputes.
- Similar structure and problems in cellular. New Telecom Policy 1999 allows for revenue sharing
- Value-added services liberalised since 1992
- MTNL, a para-statal corporation, provides services for Delhi and Mumbai (Bombay)
- VSNL, another para-statal corporation, provides international and Internet services
- TRAI came into being in 1997 and TDSAT in 2000

Philippines

- Dominant provider was PLDT. During the 1990s liberalisation, PLDT lost 25% market share from a high of 94%. Eight government providers service rural areas with a ten per cent market share
- Industry now features several local (cellular and terrestrial) operators and nine international operators

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Table 4.6 Malaysian telecommunication business

Sector	1970	1980	1985	1990	1995	2000
Population size (000)	8118	13,879	15,883	18,102	20,689	23,250
Fixed line subscribers	107,000	395,640	948,598	1,585,744	3,332,447	4,628,000
Cellular phone subscribers	0	0	4,630	84,557	872,790	5,122,000
Internet subscribers	-	-	n.a.	n.a.	64,000**	1,659,000
Fixed line penetration ratio*	1.3	2.9	6.0	8.7	16.6	21.0
Rural penetration ratio*	n.a.	n.a.	n.a.	2.0	5.5	11.7
Urban penetration ratio*	n.a.	n.a.	n.a.	n.a.	24.8	28.6

Sources: *Sixed Malaysia Plan; Mid-term review of the 6th Malaysia Plan; 7th Malaysia Plan; Mid-term Review of the 7th Malaysia Plan; 8th Malaysia Plan; Malaysia Communications and Multimedia Commission (http://www.cmc.gov.my).*

** Per 100 population.*

*** Refers to1996 Figures.*

Table 4.7 Foreign Partnership in Thai Telecommunications in 2001

Parent Company	Subsidiary	Foreign Partner
Shin Corp	Advanced Info Service (AIS)	Singapore Telecom (5.18%)
	AD Venture	Singapore Telecom (18.63%)
	Shin Satellite	NTT (Thailand) (47.5%)
		Various (40% shareholding limit)
UCOM	Total Access Communication (TAC)	Telenor (Norway) (24.9%)
		Telenor (Norway) (29.94%)
Samart		Telekom Malaysia (20%)
CP	TelecomAsia (TA)	Nynex (USA) (18.19%)
	CP Orange	Orange (UK) (49%)
Jasmine	Thai Telephone and Telecommunications (TT&T)	NTT (Japan) (20%)

Source: *Stock Exchange of Thailand in Kanchana and Mongkol, 2001.*

Table 6.1 Characteristics of State in NII Policy-making Process

Country	Characteristic	Manoeuvrability	Responsibility	ICT Growth
Singapore	Catalytic	High	High	High
Malaysia	Near-Catalytic	High	High	Relatively High
Thailand	Semi-Dysfunctional	Variable	Variable	Low

Note. *a = Manoeuvrability is the State's ability to impose its own agenda and shape societal choices. b = Responsibility is a focus on development while helping the State develop its legitimacy. Adapted from Singh's State Decision-Making Process Model (Singh, 1999, Table 2.2).*

APPENDIX C

Milestones of Telecommunications Policy in Thailand

Year	Events
1934	Telephone and Telegraph Act (revised in 1974); Post and Telecommunications Department of Thailand (PTD) authorised to manage and control both mail and telecommunications services.
1954	Telephone Organisation of Thailand (TOT) Act; TOT established as a State agency to provide and regulate domestic telephony services.
1976	Communications Authority of Thailand (CAT) Act; CAT established as a State agency to provide and regulate international telephony, postal and other non-voice telecommunications services.
1985-1986	Private sector participation in State telephone projects invited; 1986 the first build-transfer-operate (B-T-O) concession was given to a paging network company in the form of revenue-sharing.
1988-1991	Chatichai Government approves twenty-two telecommunications concessions.
1995	First draft of the Telecommunications Development Master Plan (proposing separation of the roles of operator and regulator and full privatisation of TOT and CAT) approved by cabinet.
1996-1997	Under the Fourth Protocol to the GATS in April 1996 and WTO's Basic Telecom Agreement in February 1997, the government undertook to allow 20 per cent foreign investment from January 1998 and full liberalisation by 2006.
1997	New Constitution provides for an independent regulator to allocate frequencies and to oversee telecommunications services. Third revision of the

Year	Events
	Telecommunications Development Master Plan approved by cabinet.
2000	Organisation of Frequency Allocation and Regulation of Radio Broadcasting & Television Act setting out the regulatory and operational powers of the proposed National Telecommunications Commission (NTC).
2001	Telecommunication Business Act, providing more detail of the legal framework for regulating a liberalised market, covering matters such as licensing, interconnection, pricing, universal services and consumer protection.
2002	TOT partial privatisation in July. September, National ICT Master Plan approved by the cabinet.
2003	Process of appointing members of NTC by Senate aborted under accusations of improper influence and breaches of procedure; new appointments process commenced.
2004	October, NTC established.
2005	August, TOT and CAT became the first operators to receive licenses from the NTC.
2006	Liberalised the telecommunications was delayed as to Thailand coup d'e'tat against the elected government of caretaker Prime Minister Thaksin Shinawatra in September.
2009	TOT first 3G Broadband Cellular Network in Thailand launched in December.

***Note**: Adopted from Painter and Wong (2005).*

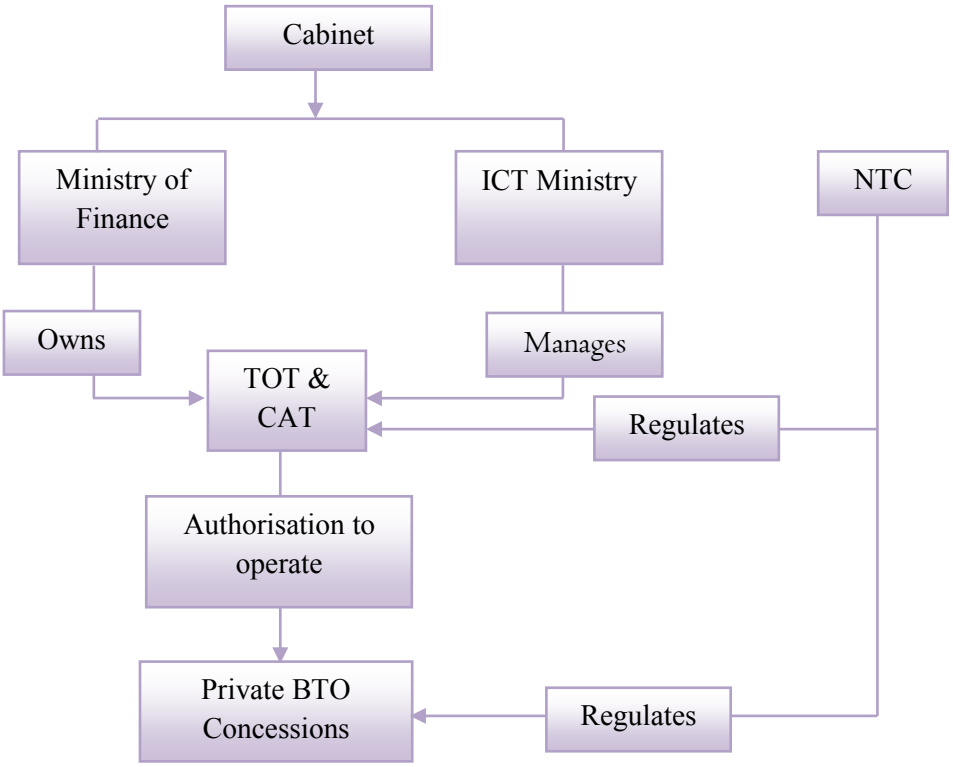
APPENDIX D

Basic Services Concessions (Fixed Phone)

Operator	True (Telecom Asia)	TT&T
Service	Installation of 2.6 million numbers in Bangkok and the vicinity	Installation of 1.5 million numbers in the provincial areas
Concession Granted by	TOT	TOT
Concession Period	25 years (Oct 1992-2017)	25 years (Oct 1993-2018)
Revenue Sharing	16% (2 million numbers) 21% (600,000 numbers)	43.1% (1 million numbers) 44.5% (500,000 numbers)

APPENDIX E

THAI POLICY-MAKING PROCESS



Source: *Macquerie Securities*